
Special Inspector General for Afghanistan Reconstruction



Quarterly Report to the United States Congress

October 2008

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MESSAGE FROM THE SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION

This is the first formal quarterly report of the Special Inspector General for Afghanistan Reconstruction (SIGAR) as required by Section 1229 of the National Defense Authorization Act (NDAA) of Fiscal Year 2008 (PL 110-181). Since being sworn in as Special Inspector General on July 22, 2008, I have worked to build the organization and to initiate relationships necessary for SIGAR to perform the mission presented by the United States Congress. This report discusses my understanding of the mission, the current situation in Afghanistan, and my plans for how the Office of the SIGAR will accomplish the mission in the days ahead.

In fulfilling one of my first priorities, I visited Afghanistan in September 2008. My discussions with senior civilian and military leaders were both informative and very revealing. The views they shared with me made clear that the task of reconstruction in Afghanistan is an exceedingly difficult and complex issue. It occurs in a country with no substantial natural resources, a population devastated by decades of war, and an ongoing insurgency. To deal with this challenge, I have developed a strategic concept that will serve to ensure independent and objective fact-finding in order to account for and ensure the efficiency of appropriated funds and amounts otherwise made available for the reconstruction of Afghanistan. All indications are that SIGAR will require a robust and highly skilled staff in order to accomplish its mission, and we are on our way to achieving this goal.

Our dialogue with Congressional members and staff has been particularly helpful in understanding the mandate and in securing initial funding to begin staffing the organization and to commence work on what is clearly a demanding mission. Some funding issues for SIGAR remain unresolved, but I am confident they will eventually be addressed. I wish to thank the Congress for being receptive and responsive to our requests for assistance. Section 1229 of the NDAA is the basis upon which SIGAR exists and we are now poised to carry out the necessary audits, inspections, investigations, and assessments.

The reconstruction of Afghanistan is crucial to the interests of the United States and I respectfully solicit any observations by which the Office of the SIGAR might benefit and better serve the people.

Very respectfully submitted October 30, 2008,

Arnold Fields
Major General, USMC (Ret.)
Special Inspector General for Afghanistan Reconstruction

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EXECUTIVE SUMMARY

Overview

Since 2001, the U.S. has provided approximately \$32 billion in humanitarian and reconstruction assistance to Afghanistan. In addition, the international community has provided a further \$25.3 billion for the rebuilding of Afghanistan. To provide for the independent and objective conduct and supervision of audits, inspections, and investigations relating to these funds, Congress created the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) under authority of Section 1229 of the National Defense Authorization Act for Fiscal Year 2008 (PL 110-181), which was signed into law on January 28, 2008. Major General Arnold Fields (Ret.), U.S. Marine Corps, was appointed by President George W. Bush on June 12, 2008 to be the first Inspector General (IG) and was subsequently sworn into office on July 22, 2008.

SIGAR Funding

PL 110-181 authorized a \$20 million drawdown from the Afghanistan Security Forces Fund (ASFF) for the standup of SIGAR during 2008. However, these funds were never disbursed to SIGAR. Actual appropriations from the Supplemental approved on June 30, 2008 resulted in \$2 million being available through September 2008, with an additional \$5 million made available on October 1, 2008. Congress subsequently appropriated \$9 million from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009, which was signed by the President on September 30, 2008. With these funds, hiring has begun and conditions set for resourcing SIGAR's long-term personnel, facilities, and logistics requirements. SIGAR has entered into a Memorandum of Agreement with the Office of the Special Inspector General for Iraq Reconstruction (SIGIR) to provide temporary budget, contract, and other specified resource support on a reimbursable basis. This arrangement is short term in nature, does not compromise the independence of SIGAR, and is consistent with the Congressional mandate.

SIGAR Initial Activities

Since commencing operations, the SIGAR has been fully engaged in a wide range of activities including:

- Conferring with Congressional Members and staff to ensure full understanding of their intent
- Conducting over 60 meetings with key stakeholders who directly deal with Afghanistan reconstruction issues
- Meeting with senior UN leaders in New York regarding the role of international organizations participating in Afghanistan reconstruction

- Consulting with NATO senior leadership in Mons, Brunssum, and Kabul, regarding their perspectives on building a free and stable Afghanistan
- Meeting with key combat component commanders to understand how they see the security situation in relationship to development priorities
- Visiting Provincial Reconstruction Teams in Afghanistan to understand the security, cultural, and financial challenges they face
- Setting conditions for a forward presence in Afghanistan
- Growing the organization from 1 to 21 people since July 22, 2008

Strategic Concept

Based on these intensive preparations and activities, the magnitude of the SIGAR mission is clear; development in Afghanistan is an exceedingly difficult and complex issue. It occurs in a country with no substantial natural resources, a population devastated by decades of war, and an ongoing insurgency. The U.S. participates as a partner with NATO, which has been active in and responsible for some aspects of the reconstruction process since 2003. To deal with these complexities, SIGAR has developed a strategic concept (illustrated in Figure 1) that will serve as a guide to independent and objective fact-finding to account for and ensure the efficient utilization of appropriated funds and amounts otherwise made available for the rebuilding of Afghanistan. In this way, SIGAR will contribute to the further development of an integrated and effective international reconstruction strategy for Afghanistan.



Figure 1: SIGAR Strategic Concept

Deliverables

Initial reports will focus on four critical areas:

1. A comprehensive list of U.S. funds appropriated or otherwise made available for reconstruction
2. The initiatives for which reconstruction funds were approved
3. The status of reconstruction initiatives
4. Evidence of waste, fraud, abuse, and corruption

Inspections, investigations, and audits will examine the full spectrum of the reconstruction efforts with specific interest in the following programs and initiatives:

- Contract execution
- Security sector development
- Infrastructure development
- Military equipment procurement
- Training programs
- Counter-Narcotics
- Judicial system reform
- Commanders' Emergency Response Program (CERP)
- Emergency humanitarian food assistance
- Programs and issues identified through the SIGAR hotline and other means

Results of audits and investigations will be published and made available online at <http://www.sigar.mil>.

Near-Term Outlook

An initial operations and assessment team will deploy to Afghanistan in November 2008 to establish working and living arrangements for follow-on SIGAR personnel. A functional forward headquarters in Afghanistan will be in place by January 2009.

Due to current funding restraints, SIGAR does not expect to reach full operational capability until the 4th quarter of FY2009. A minimum staff of 90 employees will be needed for SIGAR to accomplish its mission and of which it is anticipated that 58 will be located in the greater Washington, D.C. area; 32 will be forward-located in Afghanistan for tours of up to 13 months. SIGAR will continue to refine its resource requirements as the dynamics of the mission may dictate.

SIGAR STRATEGIC OVERVIEW

Congressional Mandate

The United States has committed almost \$32 billion in humanitarian and other aid to Afghanistan since 2001. This amount constitutes the largest single contribution of any nation supporting the reconstruction effort in Afghanistan. When paired with the \$25 billion provided by 60 other countries since the fall of the Taliban regime, the total international non-military investment in the rebuilding of Afghanistan exceeds \$57 billion. To provide for the independent and objective conduct and supervision of audits, inspections, and investigations relating to these funds, Congress created the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR). As such, the Office of the SIGAR is charged with overseeing the accounting for monies expended for the effective reconstruction of Afghanistan, so that it is internally and externally secure, democratic, and inhospitable to terrorism, drug trafficking, and narcotic cultivation.

The appointment of the Special Inspector General for Afghanistan Reconstruction, endowed with broad investigative powers and underpinned by independence and collegiality, constitutes a formidable and compelling instrument to make oversight of reconstruction efforts in Afghanistan a reality.

SIGAR Mission

The Inspector General's mission is to develop and maintain an independent, focused, and reliable oversight system that ensures all U.S. funds for Afghanistan reconstruction are properly, effectively, and efficiently applied as intended. To this end, the Office will prevent waste, fraud, and abuse in U.S. funded reconstruction programs; conduct independent and objective fact finding initiatives to account for and ensure the efficient utilization of appropriated funds and amounts otherwise made available for rebuilding Afghanistan; and contribute to the further development of an integrated and effective international reconstruction strategy for Afghanistan.

As defined in PL 110-181, Afghanistan reconstruction consists of all activities and efforts "to build or rebuild the physical infrastructure of Afghanistan; to establish or reestablish the political and societal institutions of Afghanistan; and to provide goods or services to the people of Afghanistan." SIGAR will conduct oversight of reconstruction activities to include, but not limited to, the following:

- Support to Afghan Security Forces train and equip programs
- Support to international security forces
- Support to counter-narcotics initiatives

- Support to judicial reform and capacity-building
- Physical infrastructure projects (electrical grid, water and irrigation systems, energy, etc.)
- Initiation of local employment projects and programs
- Roadway construction and improvement programs
- School, clinic, and hospital construction and rehabilitation projects

Organizational Development and Initial Coordination

Planned SIGAR Organization

The stand-up of the Office of the SIGAR began with the naming of the Inspector General on May 29, 2008. As of October 30, 2008, the staffing level has reached 8 government employees and 13 contractor personnel assigned in the Washington, D.C. area. Below is a chart illustrating the planned organization of the Office of the SIGAR.

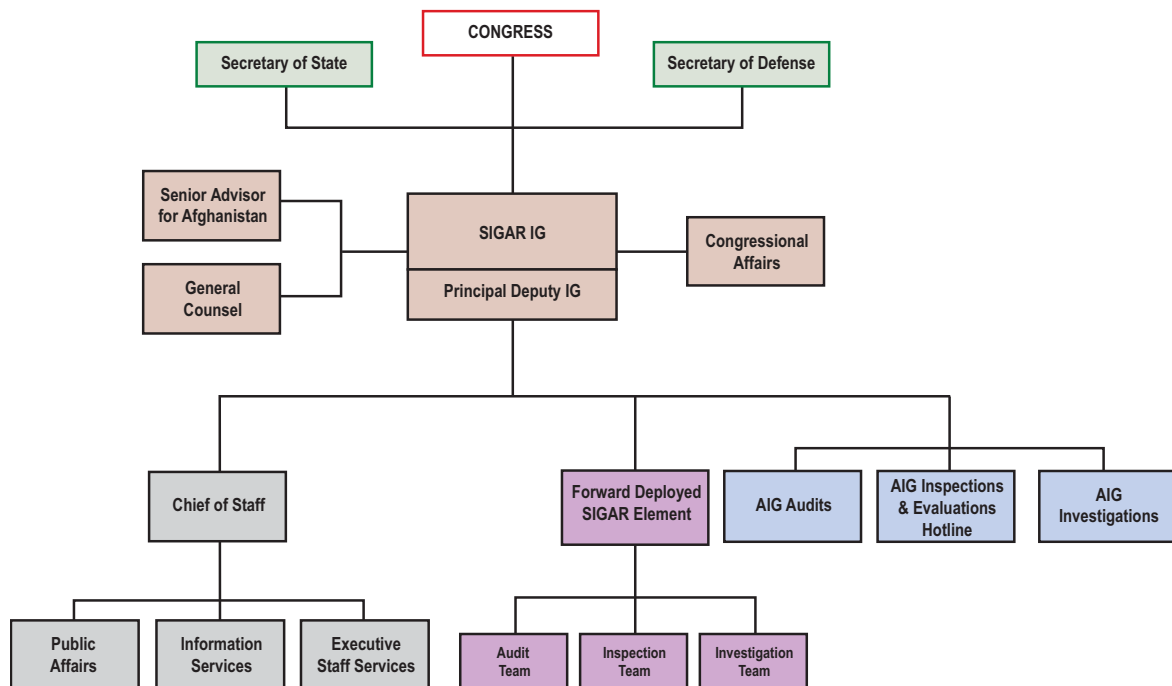


Figure 2: SIGAR Organizational Chart

SIGAR Funding Initiatives

PL 110-181 authorized a \$20 million drawdown from the Afghanistan Security Forces Fund (ASFF) for the standup of SIGAR during 2008. However, these funds were never disbursed to SIGAR. Actual appropriations from the Supplemental approved on June 30, 2008 resulted in \$2 million being available through September 2008, with an additional \$5 million made available on October 1, 2008. Congress subsequently appropriated \$9 million from the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act of 2009 (September 30, 2008). With these funds, hiring has begun and conditions set for resourcing SIGAR's long-term personnel, facilities, and logistics requirements. Consistent with the Congressional mandate, SIGAR has signed a Memorandum of Agreement with the Office of the Special Inspector General for Iraq Reconstruction (SIGIR) to provide temporary budget, human resources, contract, and other specified resource support on a reimbursable basis.

Initial Coordination

Since commencing operations, SIGAR has been fully engaged in a wide range of activities including:

- Conferring with Congressional Members and staff to ensure full understanding of their intent
- Consultations and meetings with:
 - o NATO: General Bantz J. Craddock, Supreme Allied Commander Europe (SACEUR) and the Deputy SACEUR (Mons, Belgium)
 - o Afghanistan: General David D. McKiernan, Commander of U.S. Forces-Afghanistan and International Security Assistance Force
 - o UN: Ambassador Kai Eide, UN Special Representative in Afghanistan
 - o Senior NATO leaders in Brunssum and Kabul
 - o Other senior leadership within the Department of Defense (DoD) and the Department of State (DoS), including United States Agency for International Development (USAID) and the Bureau of International Counter-Narcotics and Law Enforcement
 - o Lieutenant General Frank H. Kearney, Deputy Commander of the U.S. Special Operations Command

- o Major General John R. Allen, Deputy Commander and Major General Jay W. Hood, Chief of Staff of the U.S. Central Command, along with other principal staff officers
- o Other Inspectors General with responsibilities for Afghanistan reconstruction issues, including Government Oversight and Accountability Office (GAO), DoD IG, DoS IG, USAID IG
- Visiting the Dutch Provincial Reconstruction Team in Uruzgan Province and the U.S. Provincial Reconstruction Team in Paktia Province, including meetings with the provincial Governors and Ministers, PRT leaders and members, inspecting local projects, to include hospitals, police barracks, and roadways. All visits were intended to illuminate the security, cultural, and financial challenges of the PRT as a principal mechanism of the reconstruction effort.
- Setting conditions for a forward presence in Afghanistan, including preparing memorandums of agreement to establish lines of support
- Growing the organization from 1 to 21 people since July 22, 2008, including procuring facilities, supplies, transportation, and other support

Initial assessments of the efforts of various USG agencies suggest that although much important work has been performed, a more detailed accounting of resources committed to the reconstruction of Afghanistan is necessary.

Opportunities

The Office of the SIGAR will:

- Make maximum use of the Congressional mandate of PL 110-181 in order to fully execute all tasks and missions required of SIGAR.
- Leverage lessons learned and build upon the experience and accomplishments of existing oversight institutions, with special focus on the work of the Inspectors General of DoD, DoS, USAID, as well as reports compiled by the GAO.
- Identify various streams of funding data sources that track monies expended for Afghanistan reconstruction efforts in order to assess where and when funds were committed, for what purpose, and the results of such funding.

Challenges

SIGAR acknowledges that:

- Development in Afghanistan is an exceedingly difficult and complex issue. It occurs in a country with no substantial natural resources, a population devastated by decades of war, and an ongoing insurgency. Other complicating factors are its tribal culture, history of foreign domination, high illiteracy rate, and porous borders.
- Since 2003, the NATO coalition has been active in and contributed to the reconstruction process; however, the evolving political and security dynamics of the Afghan reconstruction agenda has challenged the implementation of a coherent and enduring strategy. As a result, clear lines of command and control appear to be lacking, setting the conditions for diffused responsibility and accountability.
- Successful reconstruction relies on a secure environment, effective governance, and economic development. Adversely affecting all three of these pillars is the illegal cultivation of poppies, which serves as a destabilizing social force both within Afghanistan and outside its borders.

SIGAR Processes, Priorities, and Controls

SIGAR Strategic Concept

The initial focus of the SIGAR strategic concept will be to leverage existing information, investigations, assessments and audits completed by other organizations. Key to prioritizing resources and funding support will be the evaluation and analysis of data collected by SIGAR audit, inspection, and investigation teams. Together, the information gained will be used to produce effective and timely findings, evaluations, and recommendations.



Figure 3: SIGAR Strategic Concept

Processes

This first report is not robust in funding data; however, future reports will provide greater and more comprehensive information and analyses based on the findings of deployed auditors, inspectors, and investigators who will review the expenditures of U.S. funds. The Office of the SIGAR will examine the initiatives for which funds were intended and report their status, measured against a pre-determined set of metrics.

Audits will cover the full spectrum of reconstruction, to include counternarcotics, judicial system reform, infrastructure development, security, CERP spending, Afghan institutional training, emergency food assistance, military equipment procurement, contract execution, and emerging issues that offer sanctioned audit opportunities. The results of these audits will be published and made available on the SIGAR website.

SIGAR Initial Priorities

Confer with Congressional Members: Meet with Congressional leaders and staff to facilitate full understanding of the mandate and intent of Congress.

Status: Ongoing

Conduct visits to Afghanistan and NATO: Assess the current status of reconstruction efforts first-hand.

Status: Complete

Conduct meetings with key stakeholders: Establish working relationships and partnerships with relevant agencies and organizations.

Status: Ongoing

Conduct meetings with senior UN leaders: Discuss the role of international organizations participating in Afghanistan reconstruction.

Status: Complete

Conduct meetings with key Combat Component Commanders: Solicit views on how they balance security with development priorities.

Status: Complete

Visit Provincial Reconstruction Teams in Afghanistan: Understand the security, cultural, and financial challenges they face at the tactical level.

Status: Completed 2 of 26 projected PRT Visits

Support the preparation of the Joint DoD-DoS Announcement Memo: To be signed by Deputy Secretary Gordon England and Deputy Secretary John Negroponte to announce the Congressional establishment of SIGAR and the support both departments will render.

Status: In progress

Grow the organization and establish operational offices: Fill key staff vacancies and establish facilities in order to achieve full operational capability by October 1, 2009.

Status: In progress

Set conditions for a forward presence in Afghanistan: Deploy an advance team in November 2008 to prepare for the establishment of a long-term SIGAR forward office not later than January 2009.

Status: In progress

Report Resource Requirements to Congress, DoD, and DoS: Determine personnel and support requirements needed to provide timely and responsive sustainment for staff and operations in Washington, D.C. and Afghanistan.

Status: Ongoing

Develop and implement a SIGAR Training and Indoctrination Program for Newly Hired Personnel: All new SIGAR staff will undergo and complete a comprehensive training program that ensures they fully understand the parameters of the SIGAR mission and mandate.

Status: In progress

AFGHANISTAN RECONSTRUCTION INITIATIVES

Framework for Current U.S. Funding

Current U.S. support to Afghanistan reconstruction is based on the Foreign Assistance Framework as set forth in the Department of State's most recent Congressional Budget Justification for 2008 and is guided by the following five funding objectives:

- Peace and Security
- Governing Justly and Democratically
- Investing in People
- Economic Growth
- Humanitarian Assistance

The Framework supports the goal of aiding in the development of “democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system.”¹ An illustrative matrix detailing the Framework can be found at Appendix E.

Table 1, provided below, illustrates U.S. funds appropriated to Afghanistan reconstruction efforts per year as they pertain to the five fundamental objectives of the Foreign Assistance Framework. Each major program is listed by its funding program and its corresponding program objective.

Program and Objective Funding by Fiscal Year (in millions)

Programs	Objectives	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Supp Actual	FY 2008 Supp Actual	FY 2009 Bridge Supp Actual
SECURITY	Peace and Security	-	\$186.54	\$390.98	\$1,074.60	\$3,082.71	\$2,408.66	\$7,786.09	\$1,574.16	\$2,272.00
DEMOCRACY/ GOVERNANCE	Governing Justly and Democratically	-	\$109.55	\$96.94	\$252.18	\$243.72	\$109.81	\$148.00	\$366.00	\$218.00
RECONSTRUCTION	Investing in People and Economic Growth	-	\$124.11	\$295.50	\$854.74	\$1,239.85	\$706.35	\$650.00	\$723.40	\$254.00
HUMANITARIAN/ OTHER	Humanitarian Assistance	\$192.15	\$489.66	\$166.53	\$183.46	\$186.90	\$159.92	\$46.00	\$10.40	-
PROGRAM SUPPORT / OPERATIONS	Program Support All	\$0.38	\$160.49	\$36.14	\$203.02	\$142.84	\$142.42	\$88.70	\$317.40	\$166.20

Table 1

¹ Foreign Assistance Framework, Department of State. Congressional Budget Justification 2008

Principal Documents Guiding Afghanistan Reconstruction Efforts

In addition to the Department of State Framework, four principal documents are guiding reconstruction efforts in Afghanistan: The Bonn Agreement, The Afghanistan Freedom Support Act (2002), The Afghanistan Compact, and The Afghanistan National Development Strategy. These documents represent the architecture for a comprehensive Afghanistan reconstruction strategy and will be utilized by SIGAR as part of its assessment of how effective that strategy has been.

The Bonn Agreement

In late 2001, the Bonn Conference resulted in the establishment of a process for Afghanistan political reconstruction that included the adoption of a new constitution and called for democratic elections as part of an overarching agreement between various factions of the polity of Afghanistan.² The Agreement called for an Afghan Interim Authority (AIA) to be created, which was tasked with representing Afghanistan in its external relations and occupying the seat of Afghanistan at the United Nations and all other international institutions and conferences. The Bonn Agreement also stipulated that an Emergency Loya Jirga be called within six months to establish a Transitional Authority (TA), which would lead Afghanistan until a fully representative government could be elected through free and fair elections to be held no later than two years from the date of the convening of the Emergency Loya Jirga. The AIA was set to terminate at such time that the TA was created. The International Security Assistance Force (ISAF) was also created to help ensure stability and peace during the creation of the TA. After the creation of the TA, a constitutional Loya Jirga was convened in order to adopt a new constitution for Afghanistan, which was ratified on January 26, 2004.³ On December 7, 2004, Hamid Karzai became the first democratically elected President of Afghanistan. The Bonn Agreement was one of the first steps to restoring Afghanistan as an independent state.⁴

To further facilitate the implementation of the Bonn Agreement, the United Nations Assistance Mission in Afghanistan (UNAMA) was established on March 28, 2002. The Mission mandate provided for direction of all United Nations humanitarian, relief, recovery and reconstruction activities. Its mandate includes the promotion of peace and stability in Afghanistan by leading efforts of the international community in conjunction with the Government of Afghanistan in rebuilding the country and strengthening the foundations of peace and constitutional democracy.⁵ The mandate for UNAMA is reviewed annually and has grown to encompass aiding the government in implementing the Afghanistan Compact, the Afghanistan National

² Government Accountability Office (2005). *Afghanistan Reconstruction: Despite Some Progress, Deteriorating Security and Other Obstacles Continue to Threaten Achievement of U.S. Goals* (GAO Publication No. 05-742). Washington, DC: U.S. Government Printing Office

³ Office of the President of Afghanistan. (2004). *The Constitution of the Islamic Republic of Afghanistan*. Retrieved October 7, 2008, from the Office of the President of Afghanistan. Web Site: <http://president.gov.af/english/constitution.msp>

⁴ Text of Bonn agreement at [<http://www.ag-afghanistan.de/files/petersberg.htm>].

⁵ United Nations Assistance Mission in Afghanistan. (2002). *Overview of UNAMA*. Retrieved October 7, 2008, from the UNAMA website. Web Site: <http://www.unama-afg.org/about/overview.htm>

Development Strategy and the National Drugs Control Strategy. Since 2002, UNAMA has assisted in everything from the initial public elections, to humanitarian aid activities ranging from refugee reparations to increasing the number of children attending schools.

Afghanistan Freedom Support Act of 2002

In December 2002, Congress passed P.L. 107-327, which enacted the Afghanistan Freedom Support Act of 2002 (AFSA).⁶ The AFSA substantially increased the United States' economic, democratic, and military assistance to Afghanistan. The AFSA also established provisions for U.S. support to the objectives outlined in the Bonn Agreement. In broad terms, the AFSA outlines the U.S. Government's goals in Afghanistan to be the establishment of a democratic state inhospitable to international terrorism, drug trafficking and narcotics cultivation, at peace with its neighbors; and able to provide its own internal and external security. U.S. efforts in support of this goal are intended to help create national security institutions, provide humanitarian and reconstruction assistance, and reinforce the primacy of the central government over Afghanistan's provinces.

The Afghanistan Compact

In 2005, official development assistance (foreign grants and concessional loans) from international donors totaled \$2.8 billion. In January, 2006, 64 countries and 11 international organizations attended the London Conference on Afghanistan and approved the Afghanistan Compact,⁷ a political commitment that prescribed how the international community should contribute to Afghanistan's reconstruction. The Compact was the next step in the reconstruction process following the Bonn Agreement. The Compact established the framework for international cooperation with Afghanistan for the next five years.⁸ The intent of the Compact was to enable Afghanistan to become more self-reliant, by cooperating with the international community to create conditions ideal for economic and social development. Three critical and interdependent pillars of activity were identified by the Compact: Security, Governance (Rule of Law and Human Rights), and Economic and Social Development. A further cross-cutting component identified the necessity for the elimination of the growing narcotics industry. The Compact urged that the international community needed to increase the proportion of donor assistance channeled directly through the core budget, as well as through other more predictable core budget funding systems in which the Afghan Government participates, such as the Afghanistan Reconstruction Trust Fund (ARTF), the Law and Order Trust Fund for Afghanistan and the Counter-Narcotics Trust Fund. This would allow for the Afghan government to assume a larger role in the reconstruction of the state.

Each of the three critical pillars identified by the Compact contains specialized goals. Under Security, terms and conditions were established for the completion of the ANA training program,

⁶ Text of the Afghanistan Freedom Support Act at [<http://www.govtrack.us/congress/billtext.xpd?bill=s107-2712>]

⁷ For a complete list of participants, see Annex IV of the Afghanistan Compact, found in Appendix G of this report.

⁸ Text of the Afghanistan Compact at [http://www.nato.int/isaf/docu/epub/pdf/afghanistan_compact.pdf]

increasing troop levels to 70,000 by the end of 2010. As of June 2008, DoS reports that the ANA now totals about 60,000 soldiers.⁹ The pillar of Governance requires that the Afghan Independent Human Rights Commission (AIHRC) monitor for any violations of human rights. DoS reports that the U.S. helped establish the AIHRC to strengthen the local government, and foster the development of civil society.¹⁰ The Economic and Social Development pillar required the Ring Road, which circles the mountains and connects Afghanistan's largest cities, including Kabul, Kandahar, and Herat, to be fully upgraded and maintained by the end of 2008. According to DoS, the U.S. has built approximately 715 kilometers (444 miles) of the Ring Road as of June 2008.¹¹ These are examples of various projects and activities the U.S. has committed funds and resources to in support of both the Afghanistan Compact and reconstruction efforts.

Afghanistan National Development Strategy (ANDS)

The most recent addition to the plans outlined in the Afghanistan Compact is the Afghanistan National Development Strategy. Signed by President Hamid Karzai on April 21, 2008, the ANDS is Afghanistan's "blueprint for the development of Afghanistan;"¹² it contains strategies for improvements in security, governance, economic growth, and poverty reduction. This policy paper was created by the Afghan government and is based on both the UN's Millennium Development Goals and the Afghanistan Compact; it also serves as Afghanistan's Poverty Reduction Strategy Paper.¹³ The ANDS presents the government's vision for Afghanistan in the year 2020 and outlines specific goals within the three pillars outlined in the Afghanistan Compact to be accomplished in the years 2008-2013.

Afghanistan presented the ANDS to the international community at the June 2008 International Conference in Support of Afghanistan held in Paris. Included in the paper was a budget for the cost of the ANDS in the next five years; in total, an estimated \$50 billion will be necessary for implementation. These funds are expected to come from both international donations and the Afghan national budget, with approximately \$6.8 billion coming directly from Afghanistan.¹⁴

⁹ Office of the Spokesman. (2008). *Summary of U.S. Assistance: International Conference in Support of Afghanistan*. Retrieved October 8, 2008, from U.S. Department of State's web site. Web site: <http://www.state.gov/r/pa/prs/ps/2008/jun/105847.htm>

¹⁰ Office of the Spokesman. (2008). *Summary of U.S. Assistance: International Conference in Support of Afghanistan*. Retrieved October 8, 2008, from U.S. Department of State's web site. Web site: <http://www.state.gov/r/pa/prs/ps/2008/jun/105847.htm>

¹¹ Office of the Spokesman. (2008). *Summary of U.S. Assistance: International Conference in Support of Afghanistan*. Retrieved October 8, 2008, from U.S. Department of State's web site. Web site: <http://www.state.gov/r/pa/prs/ps/2008/jun/105847.htm>

¹² French Ministry of Foreign and European Affairs. (n.d.). Retrieved October 8, 2008, from http://www.diplomatie.gouv.fr/en/country-files_156/afghanistan_498/international-conference-in-support-of-afghanistan-paris-12th-june-2008_6366/index.html

¹³ Poverty Reduction Strategy Papers are policy papers created by governments of low-income countries with input from the IMF and the World Bank. They explain the macroeconomic, structural and social policies and programs that a country will pursue over several years to promote broad-based growth and reduce poverty, as well as external financing needs and the associated sources of financing.

¹⁴ Text of ANDS Executive Summary available at http://www.embassyofafghanistan.org/documents/resume_ANDS.pdf

The ANDS warns that its goals cannot be implemented without improvements in aid effectiveness. The document outlines such a strategy, including a directive to disperse the majority of aid through the Afghan national budget. According to the ANDS, channeling funds through the central government will result in a “greater impact at lower cost.”¹⁵ The World Bank has stated that allowing the central government to disburse these funds will also help establish the government’s legitimacy, as it will make connections between the Afghan government and tangible improvements in the lives of individual citizens; in the same report, however, the World Bank discusses difficulties the Afghan government faces in distributing these funds effectively and efficiently.¹⁶

On June 12, 2008, representatives from 66 countries and 10 international organizations attended the Paris Conference; this conference resulted in 20 donors agreeing to pledge a total of more than \$21 billion in additional funds for Afghanistan reconstruction. Donor countries and organizations also agreed to deliver these funds in a more coordinated manner than in previous years to prevent waste and duplication of efforts.¹⁷ Of note, the U.S. pledged \$10.2 billion over 2 years, thus funding more than one-fifth of the \$50 billion required to implement the ANDS. Other large donors include the Asian Development Bank (\$1.3 billion), the World Bank (\$1.1 billion), the United Kingdom (\$1.2 billion), and the European Union (\$770 million).¹⁸ The conference’s declaration stated the international community’s pledges to “give priority to strengthening institutions and economic growth, particularly in agriculture and energy” and to make increased, more effective donations.¹⁹

¹⁵ Text of ANDS Executive Summary available at http://www.embassyofafghanistan.org/documents/resume_ANDS.pdf

¹⁶ Anderson, John Ward. (2008, June 13). International Donors Pledge Additional \$21 Billion for Afghanistan. *The Washington Post*. Retrieved from http://www.washingtonpost.com/wp-dyn/content/article/2008/06/12/AR2008061200269_pf.html

¹⁷ Text of the Declaration of the International Conference in Support of Afghanistan available at http://unama-afg.org/_latestnews/2008/Paris-con-Declaration-june12.pdf

¹⁸ The World Bank. (May 30, 2008). *Improving the Effectiveness of Aid to Afghanistan*. Retrieved from www.worldbank.org

¹⁹ Text of the Declaration of the International Conference in Support of Afghanistan available at http://unama-afg.org/_latestnews/2008/Paris-con-Declaration-june12.pdf

AFGHANISTAN RECONSTRUCTION FUNDS SUMMARY 2001-2008

Measures of Effectiveness

Clearly, Congressional intent, as articulated in the appropriations legislation, is a key metric SIGAR will use to ensure resources are utilized as intended.

Additionally, in order to carry out its oversight responsibilities, the Office of the SIGAR will develop its measures of effectiveness in part from the three critical and interdependent pillars that are identified in both the Afghanistan Compact and the Afghanistan National Development Strategy (ANDS):

1. Security
2. Governance, Rule of Law Economic and Human Rights
3. Economic and Social Development

The ANDS establishes targets and priorities in areas of development that serve as baselines by which to determine progress in key sectors of the Afghanistan infrastructure. The three pillars are at the core of the reconstruction architecture. As signatories to the ANDS and the Afghanistan Compact, the international community has committed itself to provide a level of support necessary to accomplish the desired goals.

The measures of effectiveness outlined in both the Afghanistan Compact and the ANDS will be one tool that SIGAR will use to determine the degree of success achieved by resources committed to various reconstruction projects, programs, and initiatives from FY2001-FY2008.

SIGAR Internal Metrics**Auditing**

U.S. dollars saved or recovered, number of challenged payments, number of audit findings, audit recommendations, and number of concurrent actions to mediate findings.

Inspections and Hotline

Number of allegations processed, audit referrals, inspections conducted, investigation referrals, evaluations conducted, assessments conducted, and number of concurrent actions to mediate findings.

Investigations

Number of investigations initiated, investigations closed or referred, open investigations, arrests, indictments, convictions, and court ordered restitutions/forfeitures.

Other

Number of requests for SIGAR reports, number of hits on SIGAR website, and other requests for relevant information.

Afghanistan Reconstruction Funds Summary 2001-2008

The following chart illustrates major funding provided by the international donor community to Afghanistan reconstruction efforts from 2001-2009. The donations shown include funds provided by major donor countries and organizations, such as the UN, World Bank, European Commission, Asian Development Bank, and other institutions.

General Overview Sources of Funds (in millions) as of September 30, 2008

U.S. Appropriated	Donor
<p>The United States of America is the largest donor to Afghanistan, with an overall \$31.8 billion pledges as development assistance. The US is represented by different organizations in Afghanistan including the United States Agency for International Development (USAID), the Department of State, the Department of Defense, the Department of Agriculture and Department of Trade Agency. \$329.7 M was pledged by the US for Embassy Construction.</p>	<p>Funds in the amount of \$25,297.8 M were pledged by the Other Nations since 2001 including Australia, Austria, Belgium, Brazil, Canada, China, Croatia, Czech Republic, Denmark, Egypt, Estonia, Finland, France, Germany, Global Fund, Greece Hungary, India, Iran, Ireland, Italy, Japan, Kazakhstan, Republic of Korea, Kuwait, Luxembourg, Malta, Netherlands, New Zealand, Norway, Oman, Pakistan, Poland, Portugal, Qatar, Russian Federation, Saudi Arabia, Slovakia, Spain, Sweden, Switzerland, Taiwan, Turkey, United Kingdom, Vietnam and other UN Agencies.</p>
<p>Appropriations Public Law Numbers By FY -P.L. 107-20: 2001 - \$192.5 M -P.L. 107-17: 2002 - \$1,070.35 M -P.L. 108-7, P.L. 108-11: 2003 - \$986.09 M -P.L. 108-106: 2004 - \$2,578.0 M -P.L. 108-287, P.L. 109-13: 2005 - \$4,896.0 M -P.L. 109-102, P.L. 109-148, P.L. 109-234: 2006 - \$3,527.6 M -P.L. 109-289, P.L. 110-28, P.L. 110-92: 2007 - \$8,718.8 M -P.L. 110-116, P.L. 110-137, P.L. 110-149: 2007- \$8,718.8 M -P.L. 110-161, P.L. 110-252: 2008-9 - \$5,981.46 M</p>	<p>Total Funds pledged for loans and grants from International Donors to The Afghanistan Reconstruction Trust Fund (World Bank), with some funds going directly to the GOA were \$57,149.62 M.</p>

Table 2

The charts and tables illustrated on the following pages will focus on the funding provided to Afghanistan reconstruction efforts by fiscal year by the program objectives established by the Department of State's Foreign Assistance Framework. The primary organizations charged with providing these funds include USAID, the Department of Defense, and the State Department., The Departments of Agriculture, Commerce, Health and Human Services, the Interior, Justice, Transportation, and the Treasury, the Broadcasting Board of Governors, and the General Services Administration have also made substantial funding contributions to reconstruction efforts in Afghanistan. The charts provide a review of funding trends for FY2001-2008.

As an initial product, the Office of the SIGAR has created an Afghanistan Program Funding Chart to serve as a master list of program dollars by the amounts appropriated, obligated, and disbursed within each year. Each program is categorized to reflect the objectives as outlined in the Foreign Assistance Framework (Appendix E). Programs have been listed under the correlating Foreign Assistance Framework Objective. The objectives are as follows:

- Peace and Security
- Governing Justly and Democratically
- Investing in People
- Economic Growth
- Humanitarian Assistance

Many of the programs are designed to address more than one objective. Such programs have therefore been designated Reconstruction Programs. For example, programs whose initiative is road construction can be described as supporting any of the five objectives. In such cases, the programs have been listed under the broader term "Reconstruction Programs".

The information in the following charts and tables will serve as a basis for comprehensive analysis by the Office of the SIGAR to ensure a detailed list of USG funds appropriated or otherwise made available are accounted for and that the initiatives for which these funds were intended were actually executed. The status of those initiatives will also be verified to ensure all USG funds allocated for Afghanistan reconstruction have been and are applied as intended. Data for these charts was provided by the Afghanistan Interagency Bi-monthly Fund Status Review Group.²⁰

²⁰ The Afghanistan Interagency Bi-monthly Fund Status Review Group is chaired by the National Security Council and consists of fund managers from DoS, (Bureau of South and Central Asian Affairs, Bureau of International Narcotics and Law Enforcement Affairs, Office of Foreign Affairs, IG), USAID, USAID IG, DoD, DoD IG, Treasury, U.S. Army Corps of Engineers, Department of Agriculture, Office of the Secretary of Defense Comptroller, and Drug Enforcement Administration.

Afghanistan Program Funding chart (in millions)

Afghanistan Execution and Obligation Status

Programs	FY 2001 Actual	FY 2002 Actual	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2006 Obligated	FY 2006 Disbursed	FY 2007 Base & Supp Actuals	FY 2007 Base & Supp Obligated	FY 2007 Base & Supp Disbursed	FY 2008 Base & Supp Actual	FY 2008 Base & Supp Obligated	FY 2008 Base & Supp Actual	FY 2009 Bridge Supp Actual	FY 2001-FY 2009 Total
SECURITY	0.00	186.54	390.98	1074.60	3082.71	2408.66	2368.16	2281.37	8167.79	7980.33	7663.27	3382.76	1,444.01	1,299.97	2272.00	20,966.04
Afghan National Police	0.00	24.00	0.00	160.00	624.46	1217.50	1217.50	1206.97	2523.30	2453.85	2449.89	1017.38	181.88	181.88	1000.00	6,566.64
Counter-Narcotics	0.00	39.98	2.87	125.52	775.31	419.26	382.21	311.46	737.15	667.34	404.49	619.47	224.28	124.06	272.00	2,991.56
Afghan National Army	0.00	85.60	361.49	719.38	1633.24	735.98	735.98	735.80	4871.59	4838.69	4790.00	1724.68	1,028.95	985.13	1000.00	11,131.96
Presidential Protection Services	0.00	36.43	26.44	52.14	23.10	18.17	14.75	9.77	19.90	4.89	3.62	6.29	0.00	0.00	0.00	182.47
DDR	0.00	0.00	0.00	15.42	5.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	20.42
Detainee Operations	0.00	0.00	0.00	0.00	16.90	14.13	14.13	14.13	12.70	12.67	12.60	9.60	8.90	8.90	0.00	53.33
MANPADS Destruction	0.00	0.00	0.00	1.50	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.25
Small Arms Control	0.00	0.00	0.00	0.00	3.00	2.84	2.84	2.84	1.75	1.75	1.75	3.00	0.00	0.00	0.00	10.59
Terrorist Interdiction Program	0.00	0.53	0.10	0.41	0.10	0.10	0.10	0.10	0.50	0.40	0.40	0.99	0.00	0.00	0.00	2.73
Counter-Terrorism Finance	0.00	0.00	0.00	0.00	0.00	0.28	0.28	0.00	0.40	0.40	0.40	0.60	0.00	0.00	0.00	1.28
Border Control (WMD)	0.00	0.00	0.08	0.23	0.85	0.40	0.40	0.30	0.50	0.34	0.12	0.75	0.00	0.00	0.00	2.81
DEMOCRACY/GOVERNANCE	0.00	102.85	84.54	187.38	174.22	109.81	108.12	87.54	304.54	242.44	128.39	558.98	20.24	0.00	107.00	1,904.24
Bilateral Debt Relief	0.00	0.00	0.00	0.00	0.00	11.00	11.00	11.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	11.00
Support to GOA	0.00	0.00	0.00	0.00	0.00	1.69	1.69	1.05	31.24	8.51	3.83	49.61	0.00	0.00	9.00	80.85
Good Governance	0.00	83.95	63.64	113.57	137.49	10.55	9.15	9.14	107.25	88.30	54.69	245.08	7.00	0.00	59.00	820.53
Afghanistan Reconstruction Trust Fund	0.00	0.00	0.00	0.00	0.00	47.50	47.50	47.50	63.00	63.00	21.00	45.00	0.00	0.00	20.00	175.50
Political Competition and Consensus Building (Elections)	0.00	12.30	12.50	24.41	15.75	1.35	1.35	1.35	29.90	27.83	22.32	90.00	7.34	0.00	0.00	425.63
Civil Society	0.00	0.00	0.00	0.00	0.00	7.77	7.64	7.59	8.10	7.92	7.10	4.01	2.60	0.00	4.00	23.88
Rule of Law and Human Rights	0.00	6.60	8.40	29.40	20.98	29.95	29.79	9.91	65.05	46.88	19.45	125.28	3.30	0.00	15.00	355.66
Trafficking in Persons	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50
RECONSTRUCTION	0.00	124.11	295.50	854.74	1239.85	706.35	694.16	521.25	1172.62	1010.53	383.11	1232.48	241.25	56.62	254.00	6,094.18
Roads	0.00	56.04	140.50	348.68	334.10	235.95	229.71	177.01	330.31	278.42	63.94	324.18	0.61	0.00	65.00	1,834.76
Humanitarian Response	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00
Afghan-Tajik Bridge	0.00	0.00	0.00	0.00	33.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.10
Education/Schools	0.00	15.30	21.57	104.11	89.63	49.48	48.45	28.82	62.75	52.98	16.99	99.09	5.20	3.69	6.00	447.93
Health/Clinics	0.00	15.42	54.85	76.85	107.40	51.46	47.32	44.25	112.77	98.05	37.05	114.04	0.00	0.00	27.00	559.59
Power	0.00	0.00	0.00	85.13	222.50	61.14	61.10	58.85	194.80	144.66	49.40	236.81	0.09	0.00	61.00	861.38
PRTs	0.00	8.55	26.00	57.40	97.00	20.00	19.93	17.53	126.10	122.13	23.68	75.06	23.20	5.55	55.00	465.11
CERP	0.00	0.00	39.71	136.00	215.00	214.95	131.25	206.00	205.77	140.34	269.40	191.09	43.27	0.00	1,076.64	1,076.64
Civil Aviation	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	25.00
Priv Sector Dev/Econ Gov	0.00	0.00	1.50	63.46	77.43	45.51	44.99	42.87	70.56	66.63	47.67	63.06	21.06	4.11	37.00	358.52
Water Projects	0.00	1.70	0.63	28.90	43.20	0.89	0.89	0.89	2.30	0.48	0.48	16.40	0.00	0.00	3.00	97.02
Agriculture	0.00	27.10	50.85	50.50	74.49	26.92	26.83	19.79	67.03	41.41	3.56	34.44	0.00	0.00	0.00	331.13
HUMANITARIAN/OTHER	192.15	489.66	166.53	183.46	186.90	159.92	159.92	159.87	251.33	142.98	128.86	158.93	148.73	102.26	0.00	1,686.65
Refugee/IDP Assistance	55.75	274.88	86.50	82.60	54.60	36.00	36.00	35.95	72.61	47.67	44.05	42.10	31.83	7.06	0.00	686.23
Food Assistance	133.60	207.18	71.03	88.25	108.60	109.60	109.60	109.60	150.90	81.80	71.30	101.83	101.90	80.70	0.00	901.89
International Disaster and Famine Assistance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00	-
Demining	2.80	7.60	9.00	12.61	23.70	14.32	14.32	14.32	27.82	13.50	13.50	15.00	15.00	14.50	0.00	98.53
PROGRAM SUPPORT / OPERATIONS	0.38	160.49	36.14	203.02	142.84	142.42	26.19	15.08	88.70	6.37	0.00	317.40	0.00	0.00	166.20	1,530.41
State /USAID Program Support	0.38	160.49	36.14	203.02	142.84	142.42	26.19	15.08	88.70	6.37	0.00	317.40	0.00	0.00	166.20	1,530.41
TOTAL	192.53	1063.65	973.69	2483.20	4826.52	3527.16	3356.56	3065.11	9984.98	9382.65	8303.63	5650.55	1,854.23	1,458.85	2799.20	32,181.52

Table 3

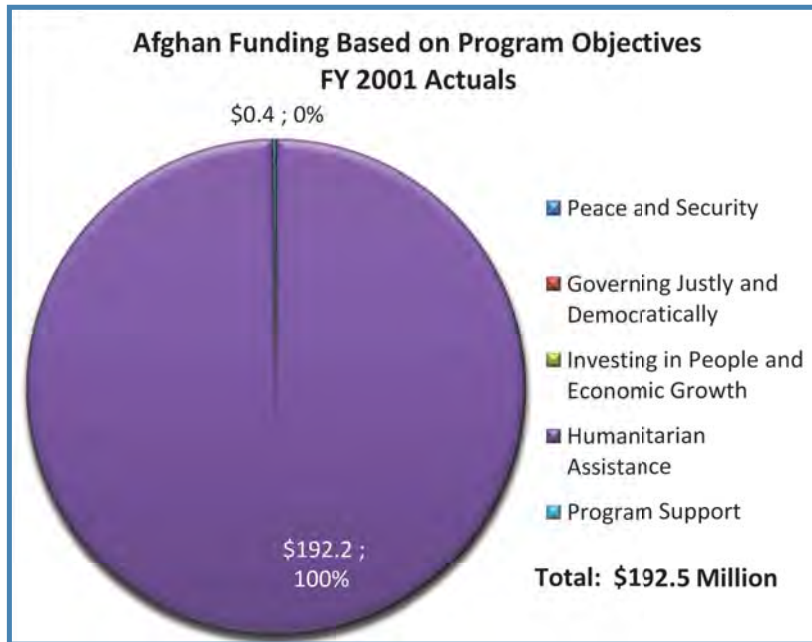


Figure 4

As shown by figure above, Humanitarian Assistance dominated the support for FY 2001.



Figure 5

FY 2002 saw a dramatic increase in overall funding, providing funds for the Foreign Assistance Framework Objectives.

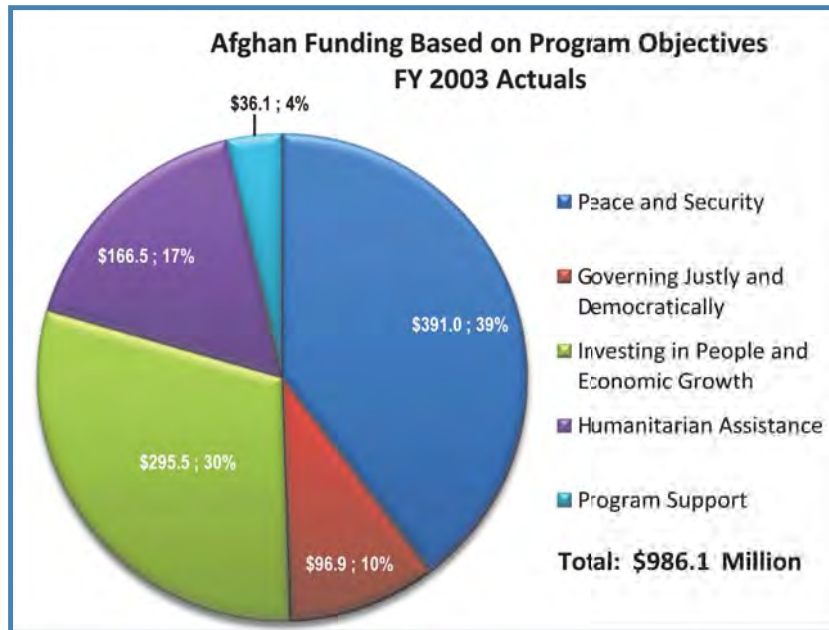


Figure 6

FY 2003 saw an increased significance placed on the Peace and Security Objective. Efforts in the Economic Growth and Investing in People Objectives also grew significantly during this period.



Figure 7

Exponential growth occurred in all program objective areas with the exception of Humanitarian Assistance which remained consistent in FY 2004.

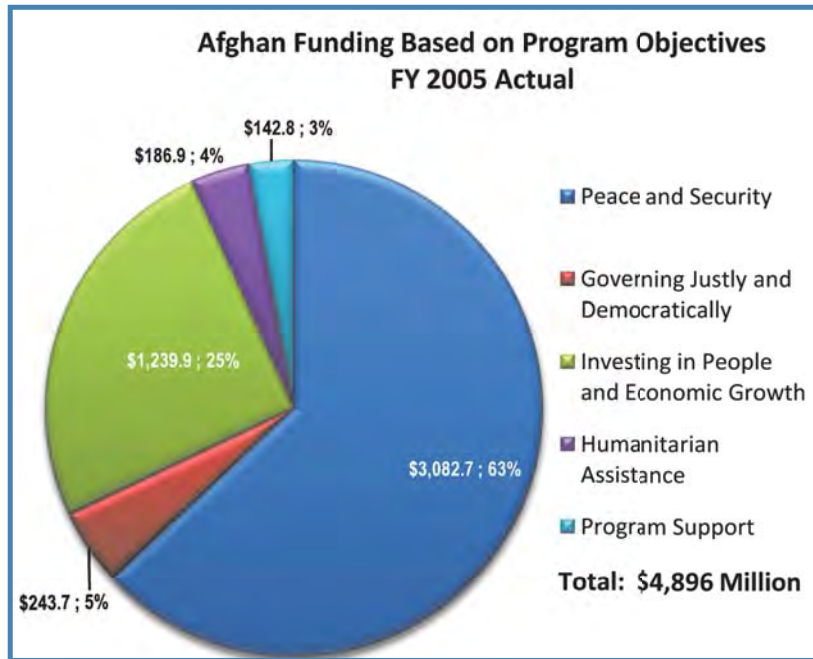


Figure 8

Growth spikes occurred in Security, Investing in People and Economic Growth during FY 2005, with the remaining programs displaying consistency in appropriations.

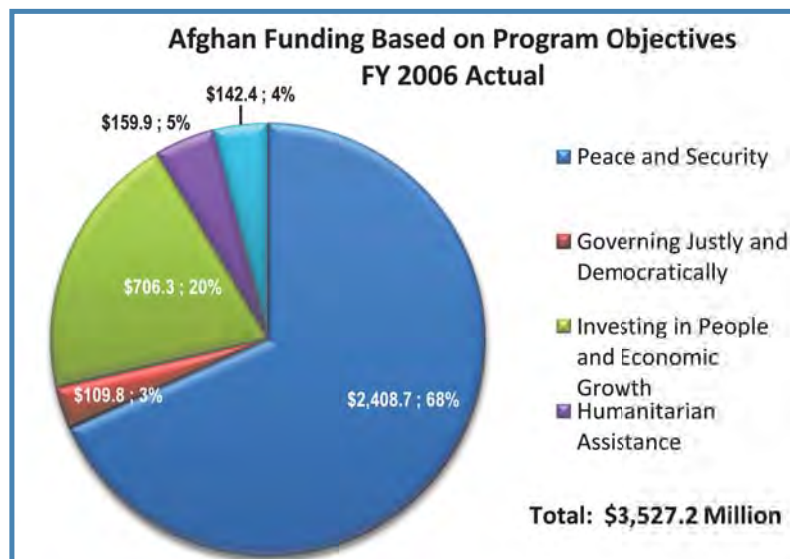


Figure 9

In FY 2006 all programs experienced a decrease in appropriations, leaving the majority of funds allocated towards Peace and Security.

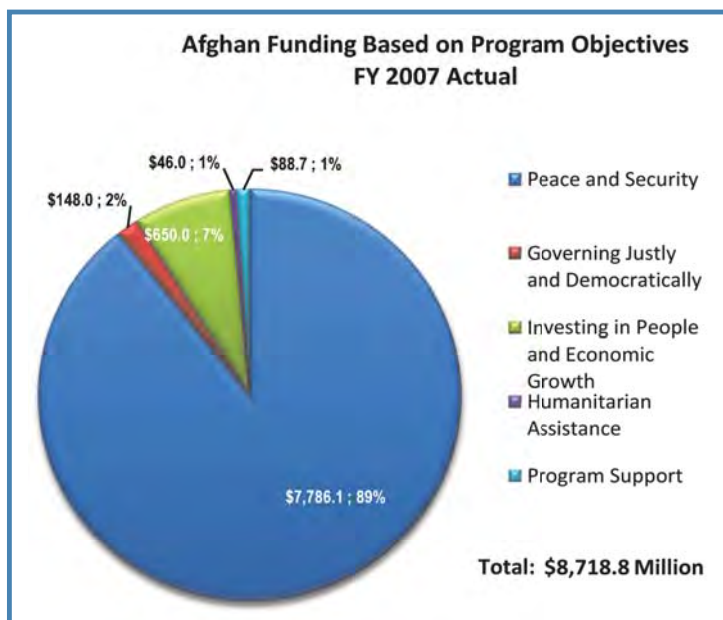


Figure 10

In FY 2007 Security experienced an exponential increase, while the remaining program objectives continued to decline in appropriations.

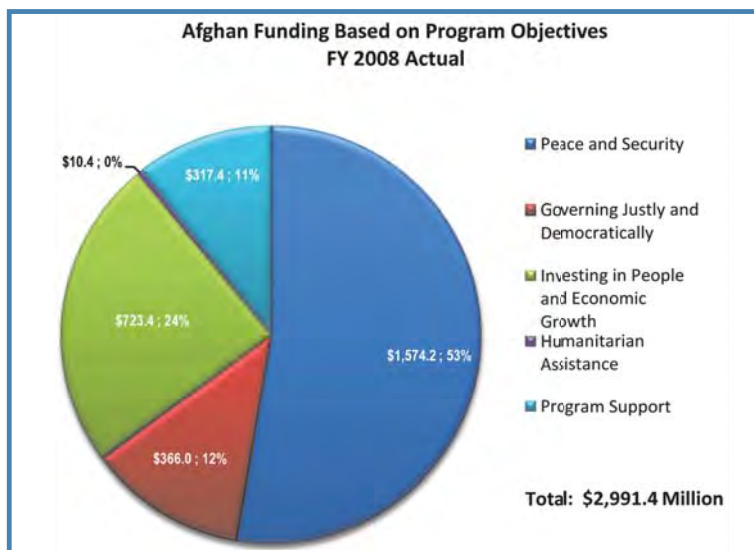


Figure 11

During FY 2008 Security and Humanitarian Assistance experienced negative growth, while increases were received in Governing Justly and Democratically, and Investing in People and Economic Growth.

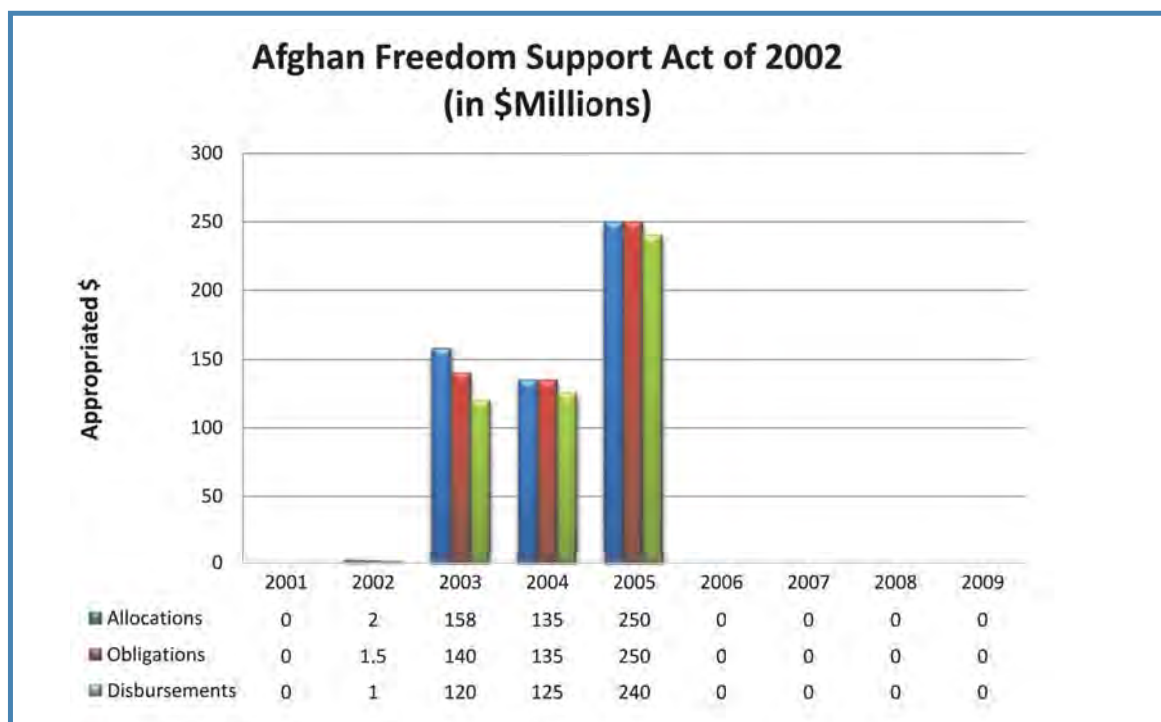


Figure 12

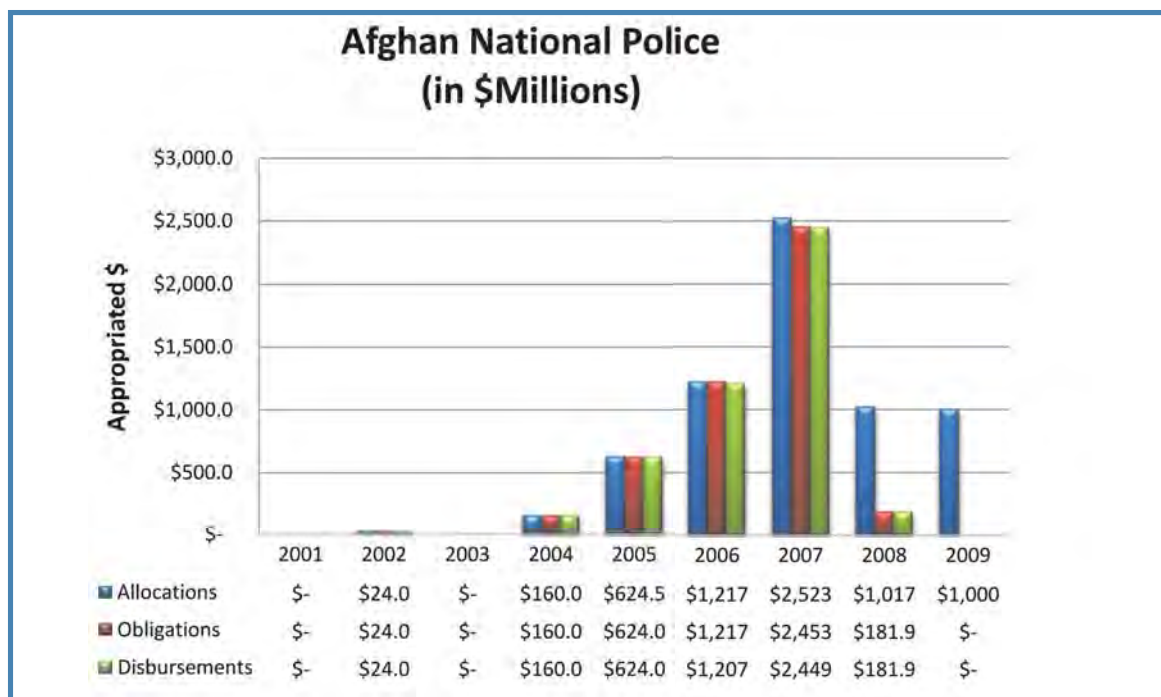


Figure 13

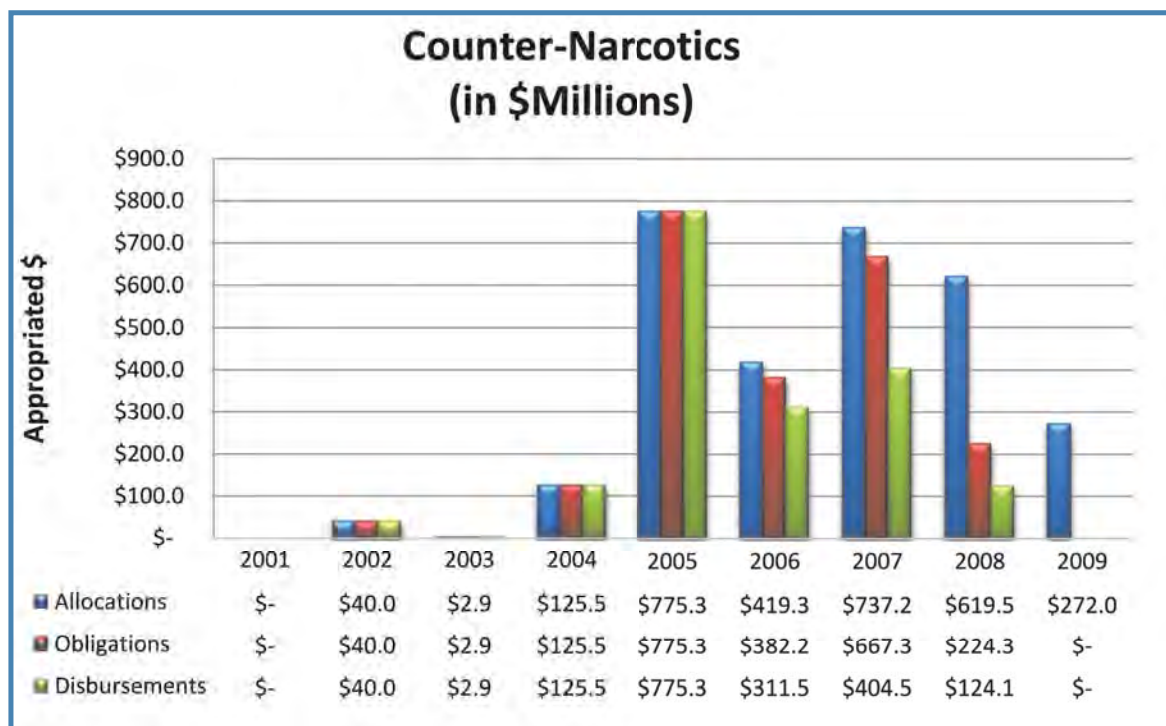


Figure 14

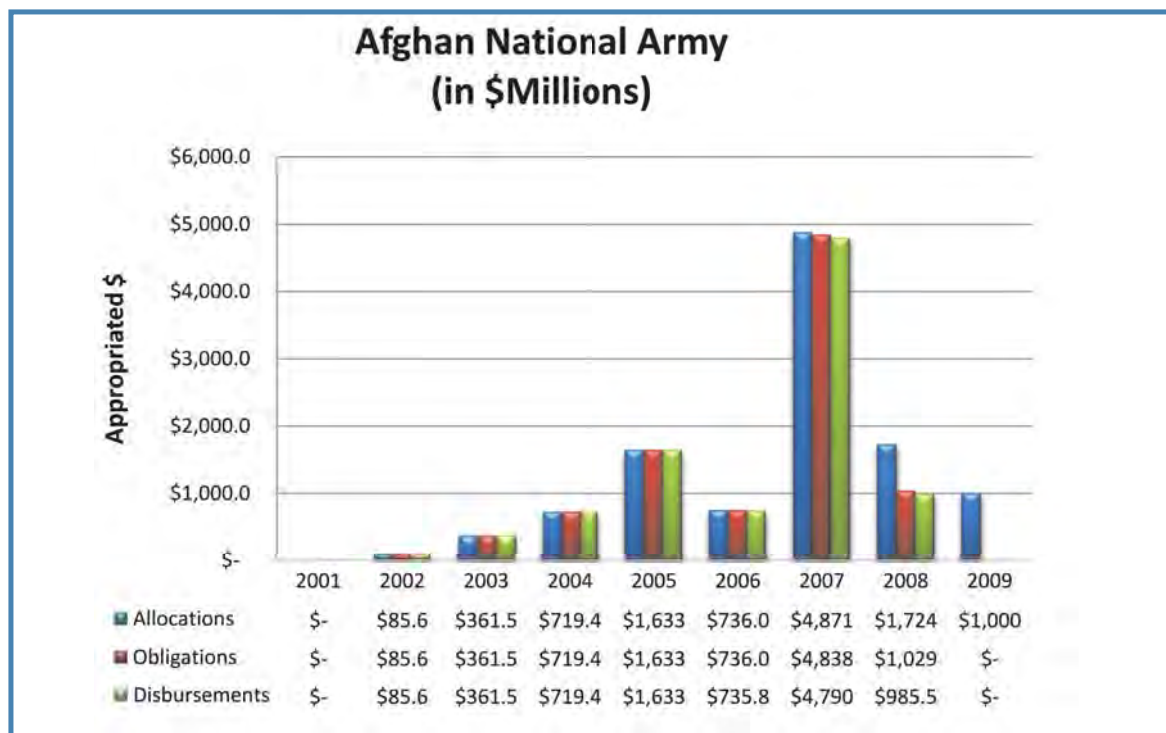


Figure 15

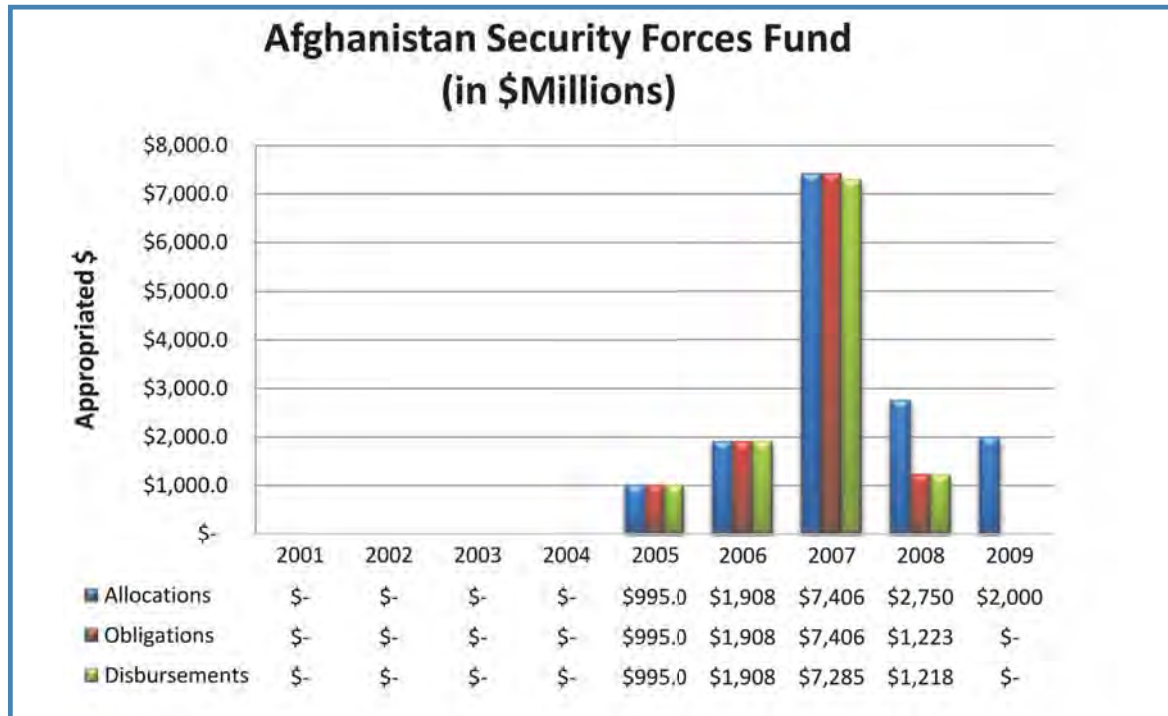


Figure 16

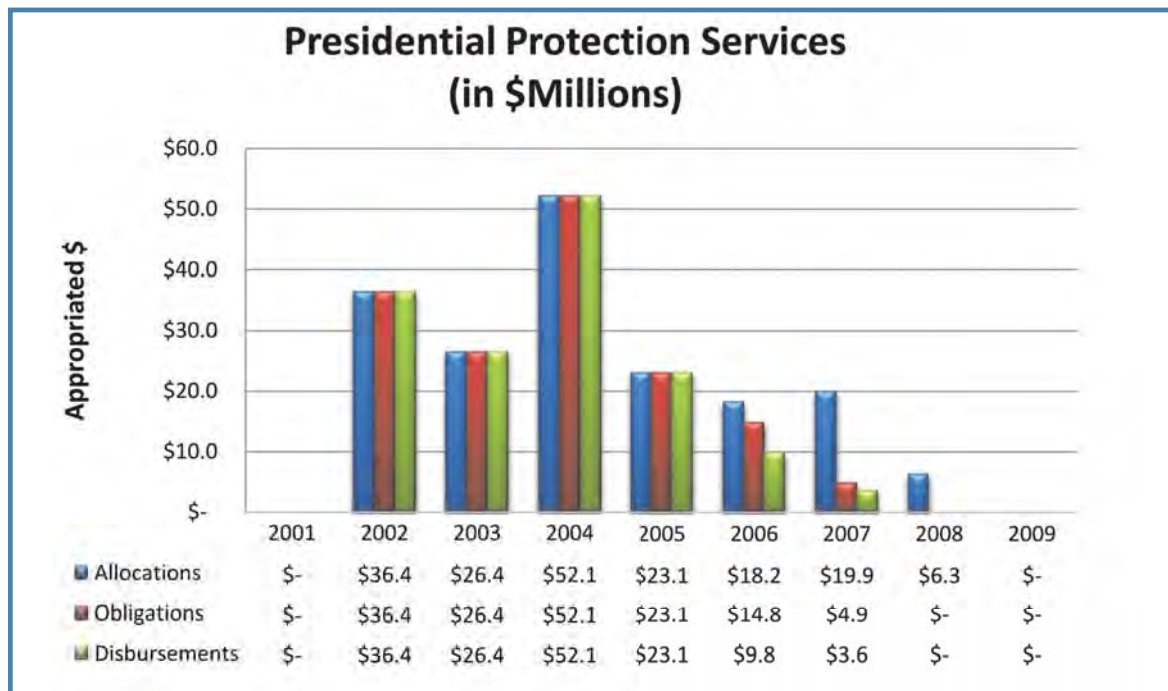


Figure 17

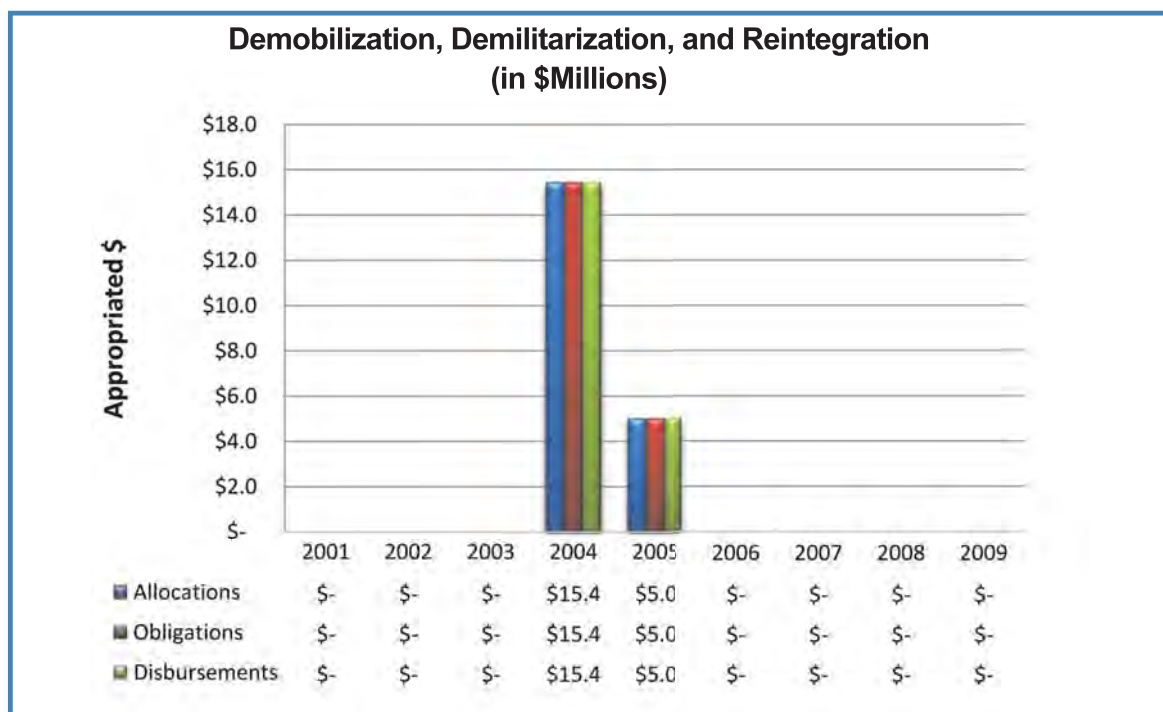


Figure 18

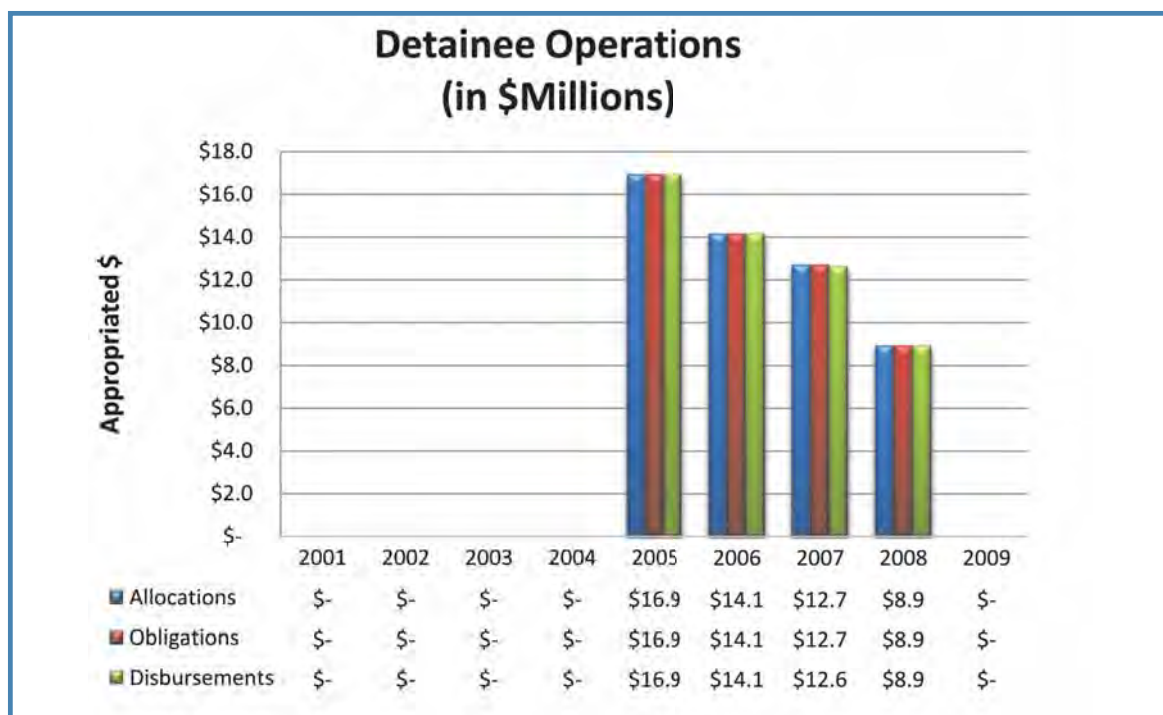


Figure 19

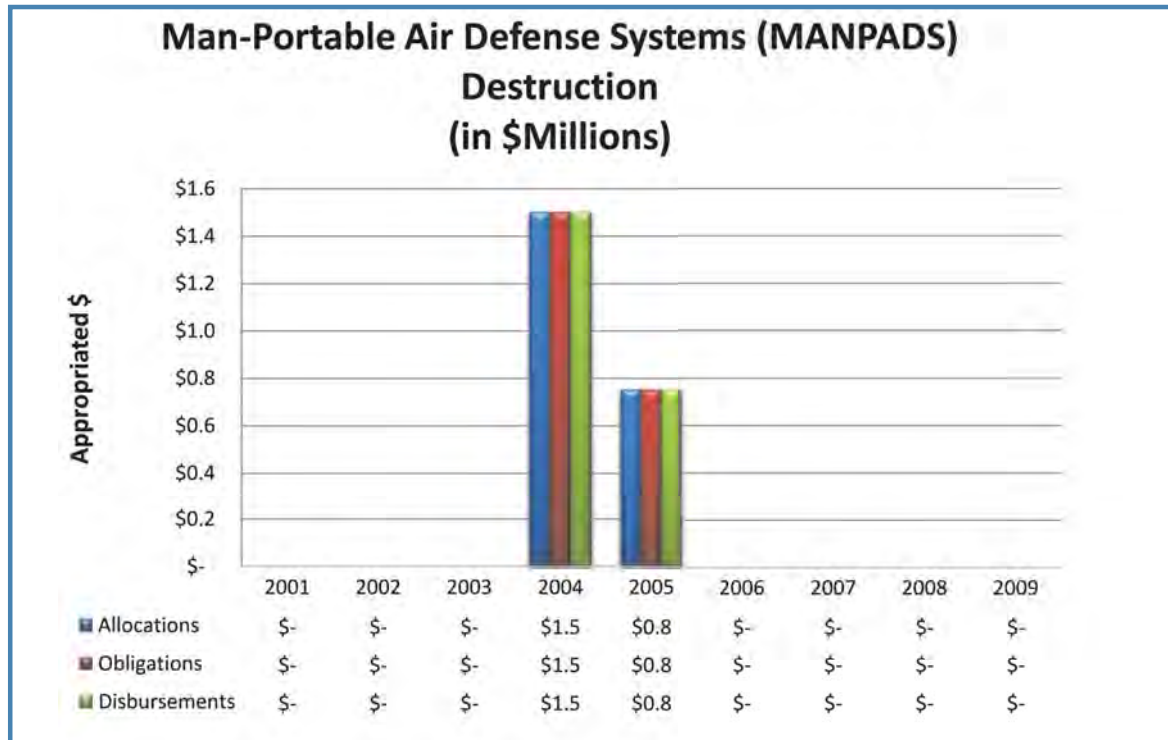


Figure 20

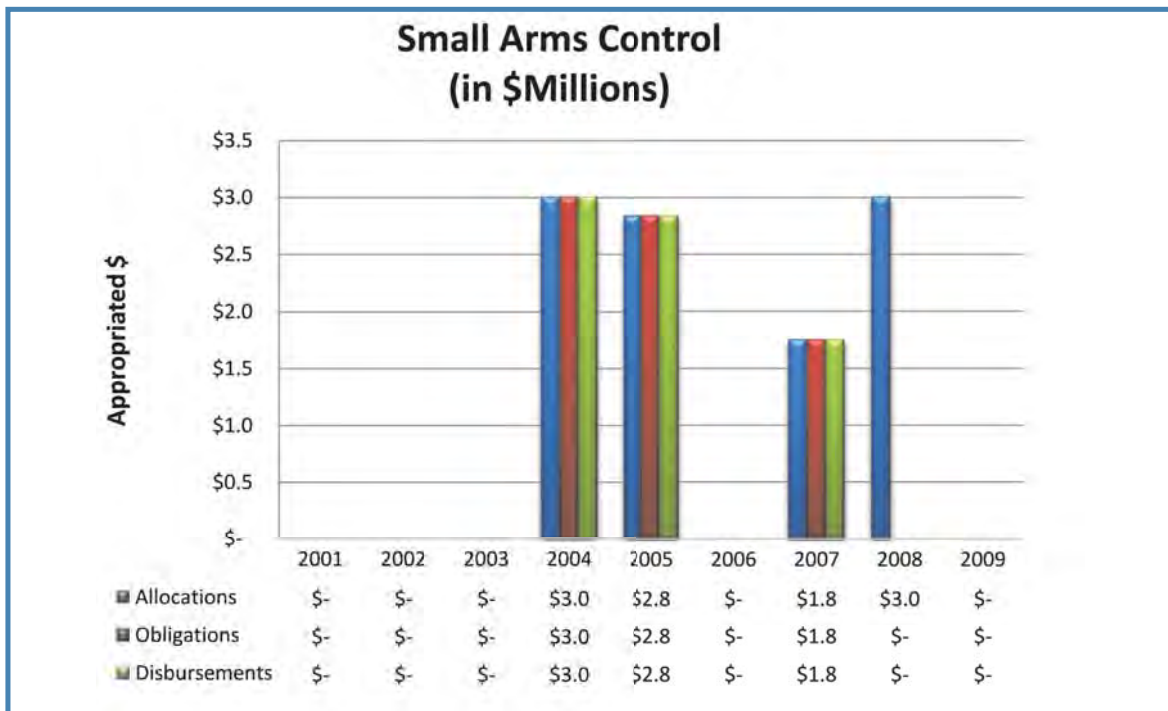


Figure 21

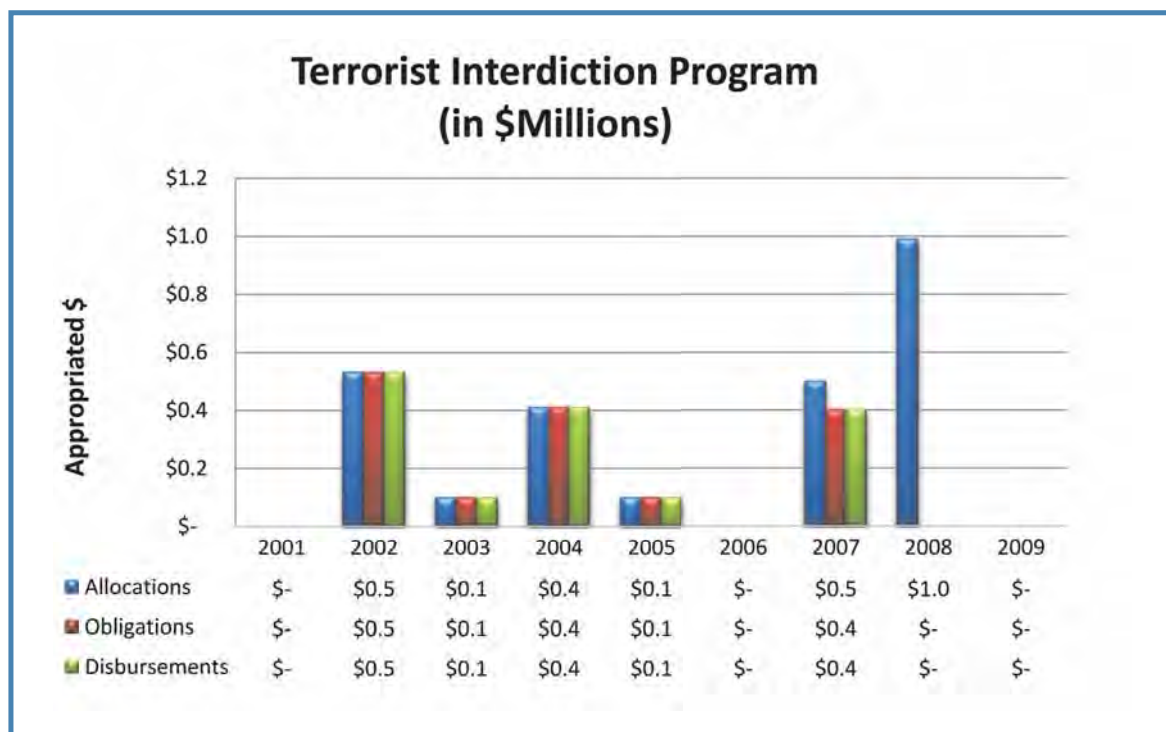


Figure 22

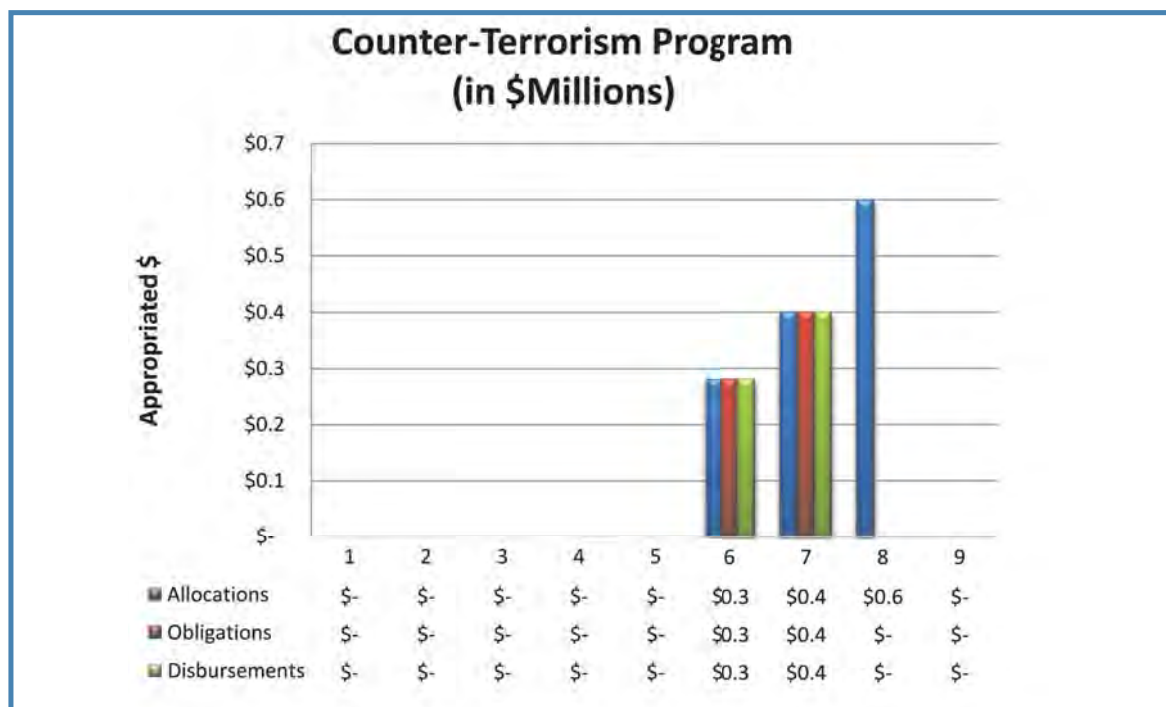


Figure 23

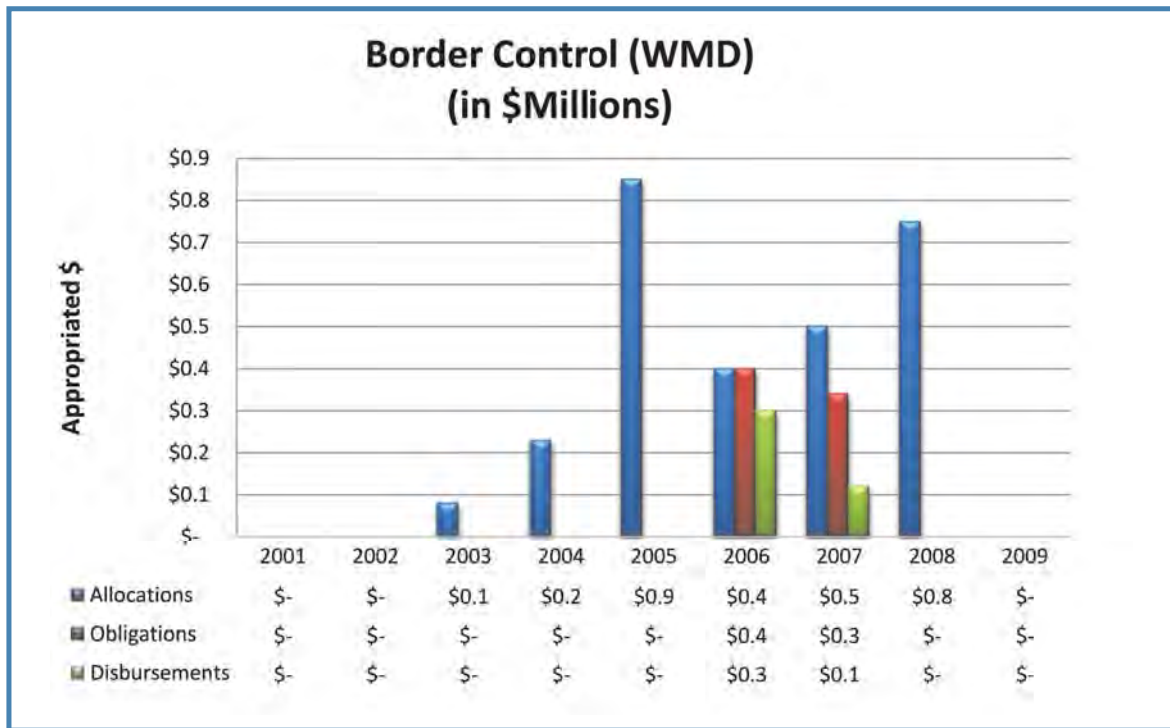


Figure 24

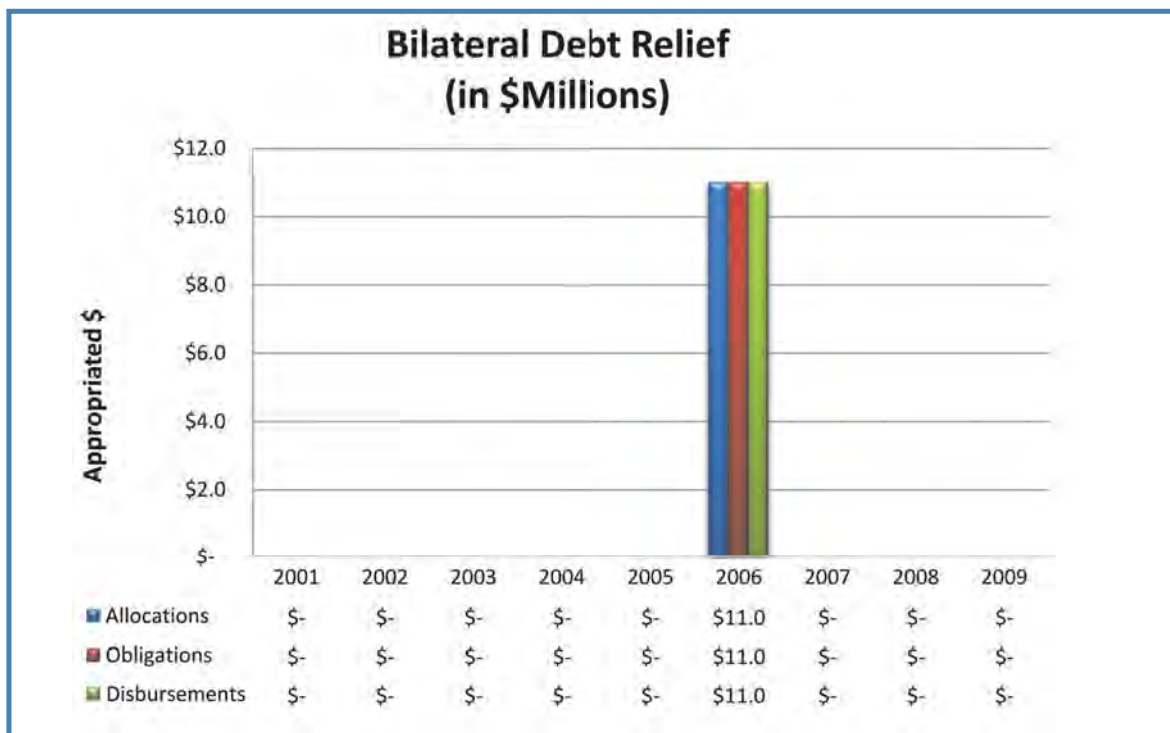


Figure 25

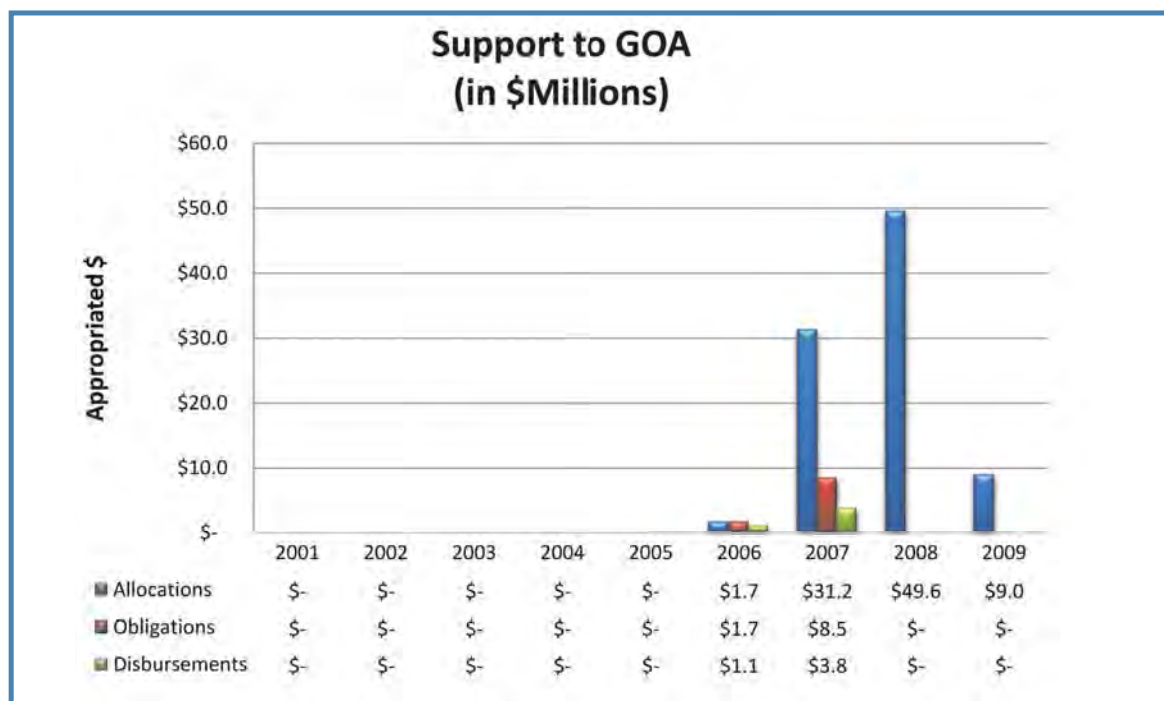


Figure 26

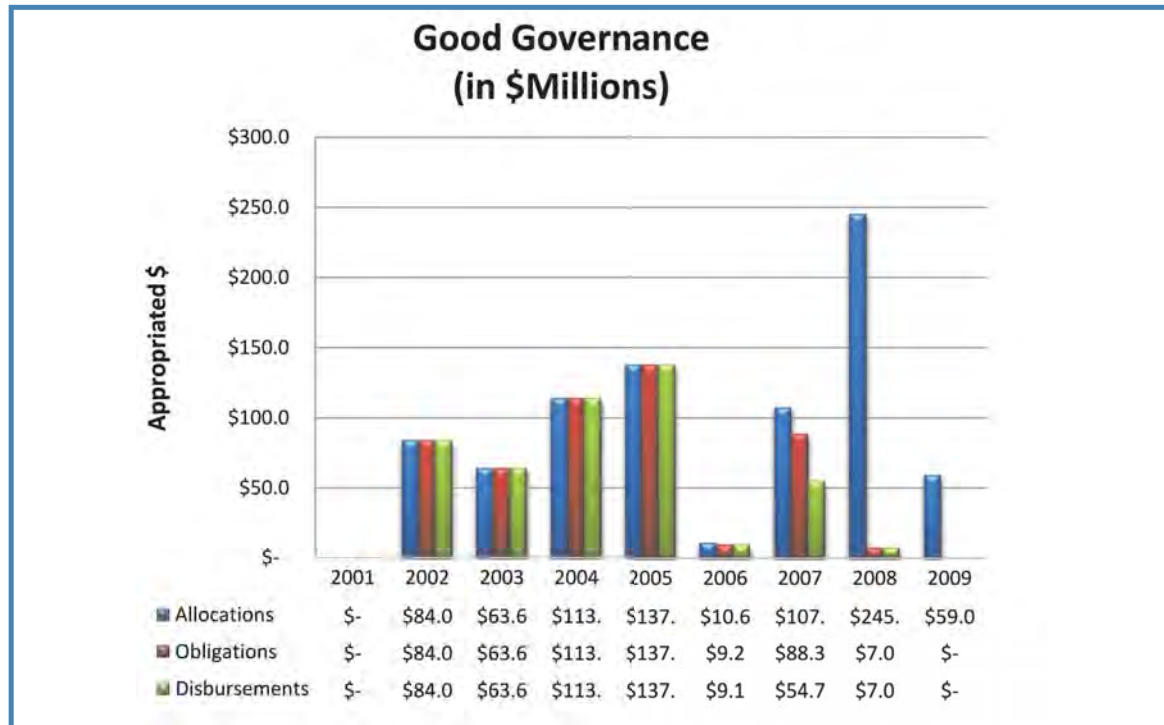


Figure 27

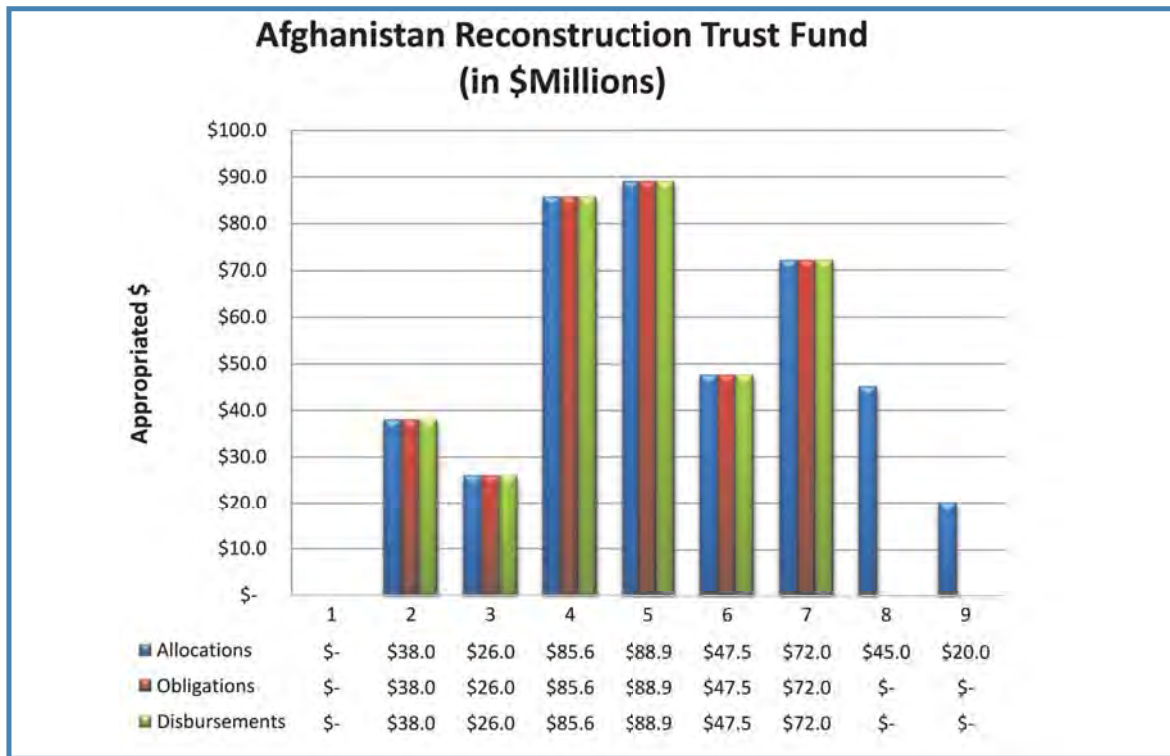


Figure 28

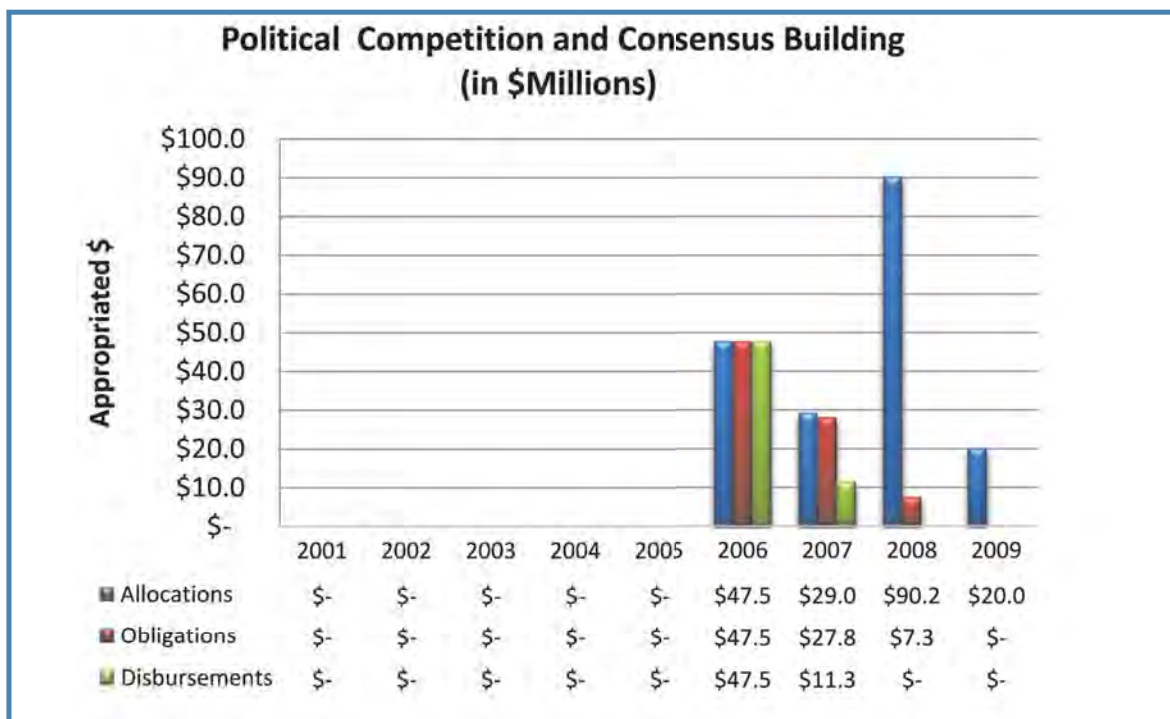


Figure 29

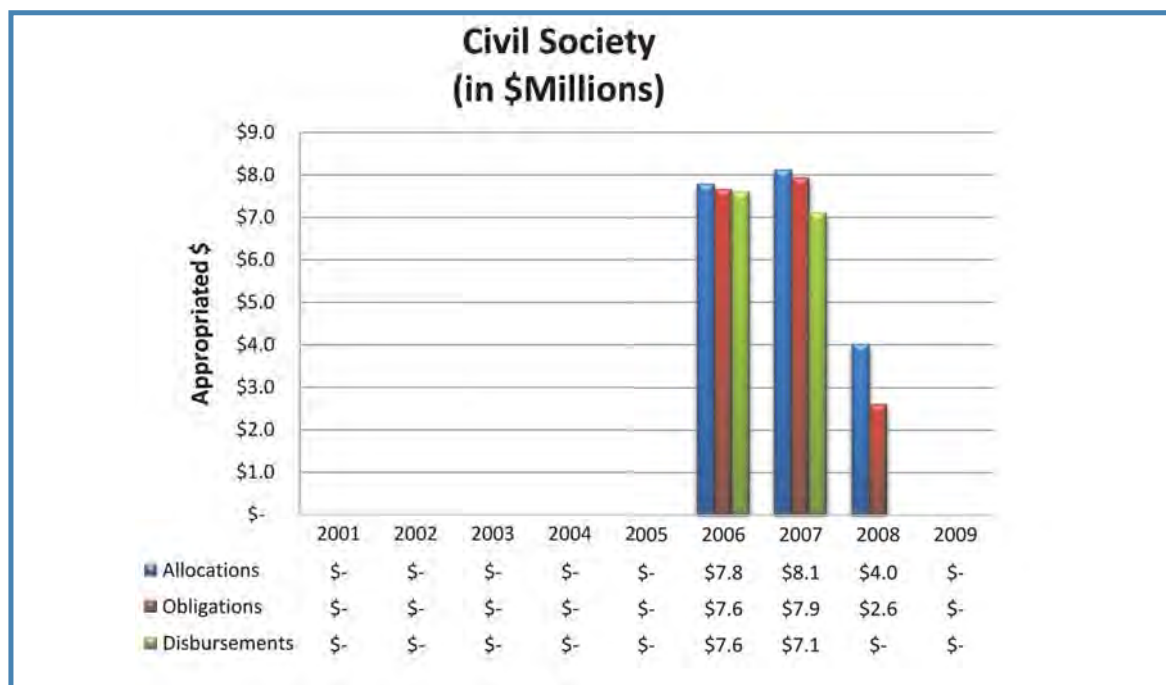


Figure 30

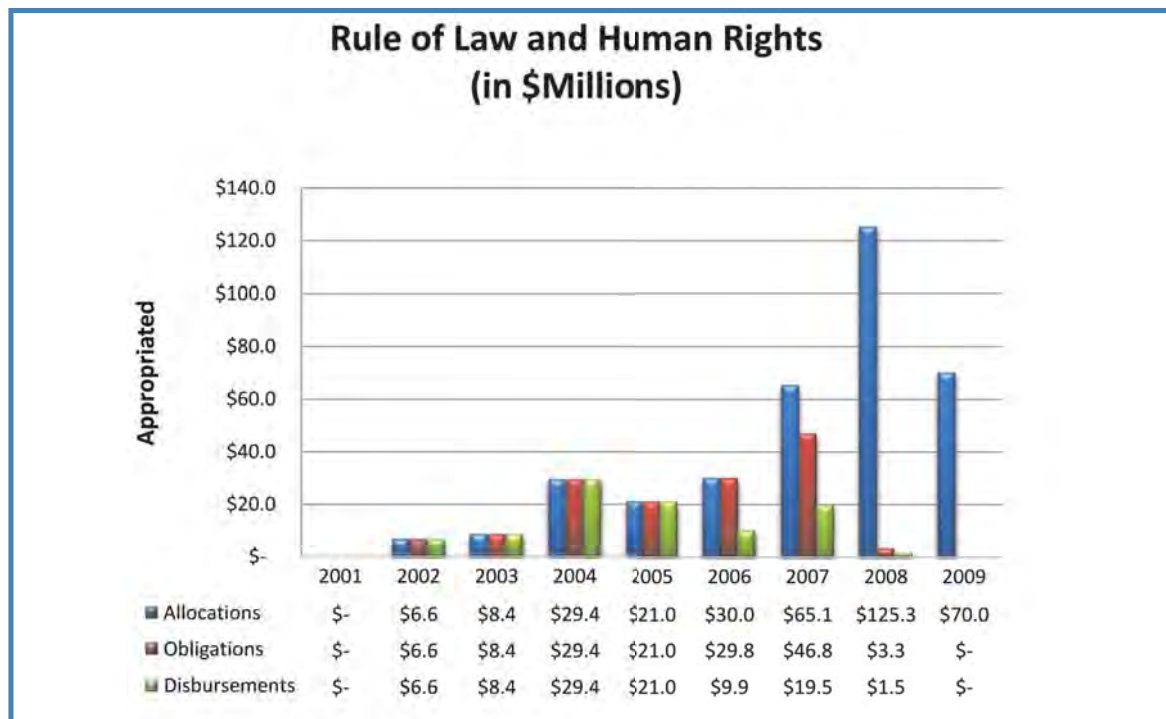


Figure 31

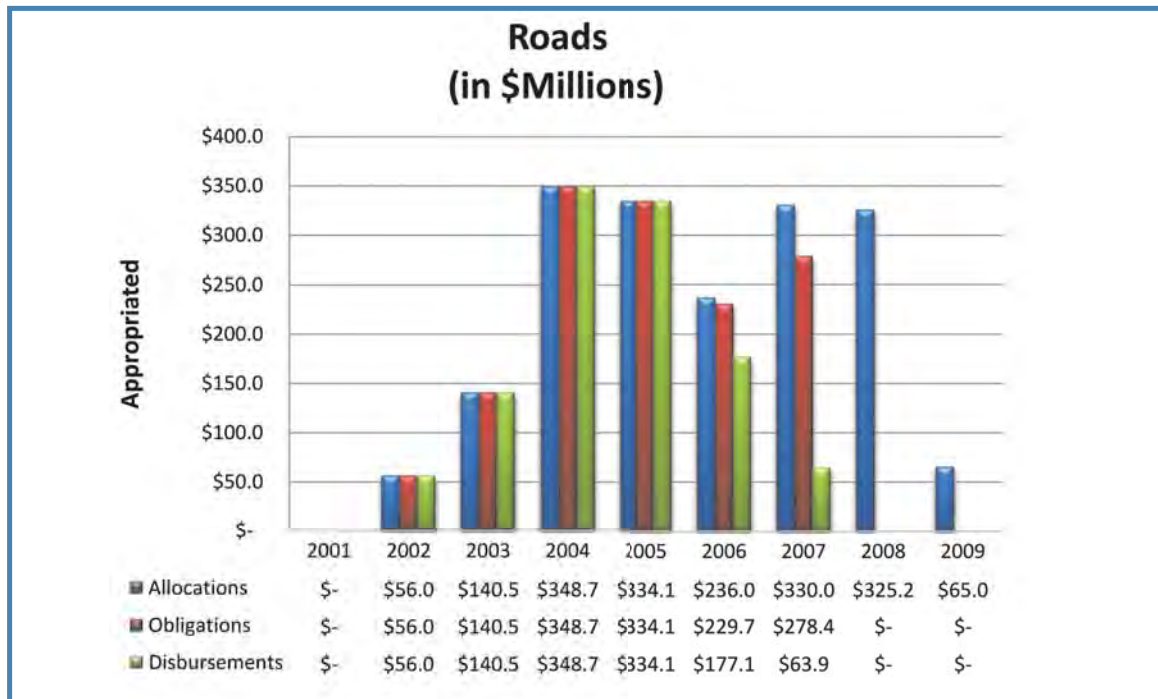


Figure 32

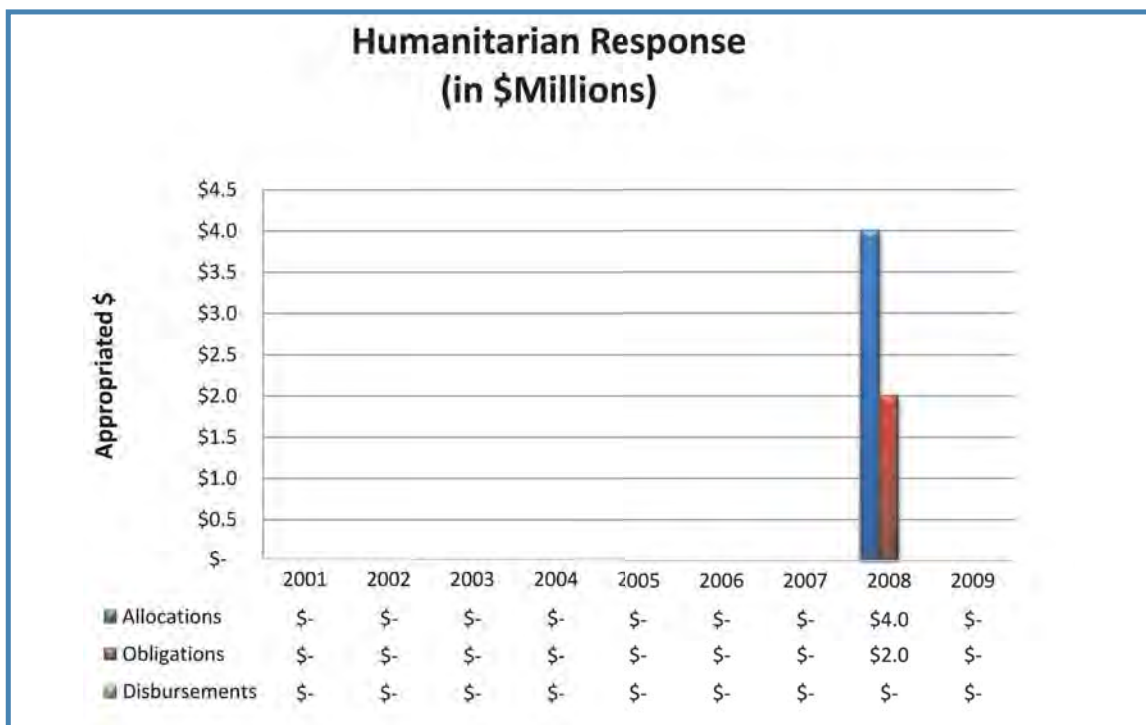


Figure 33

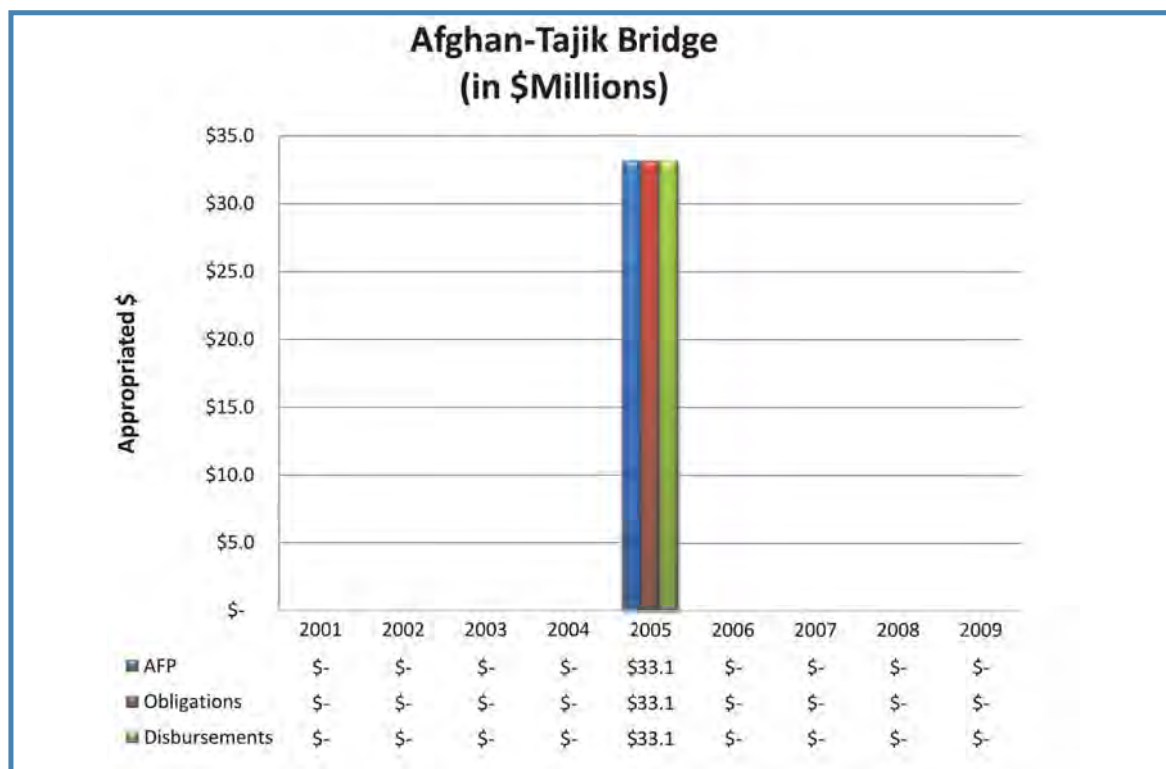


Figure 34

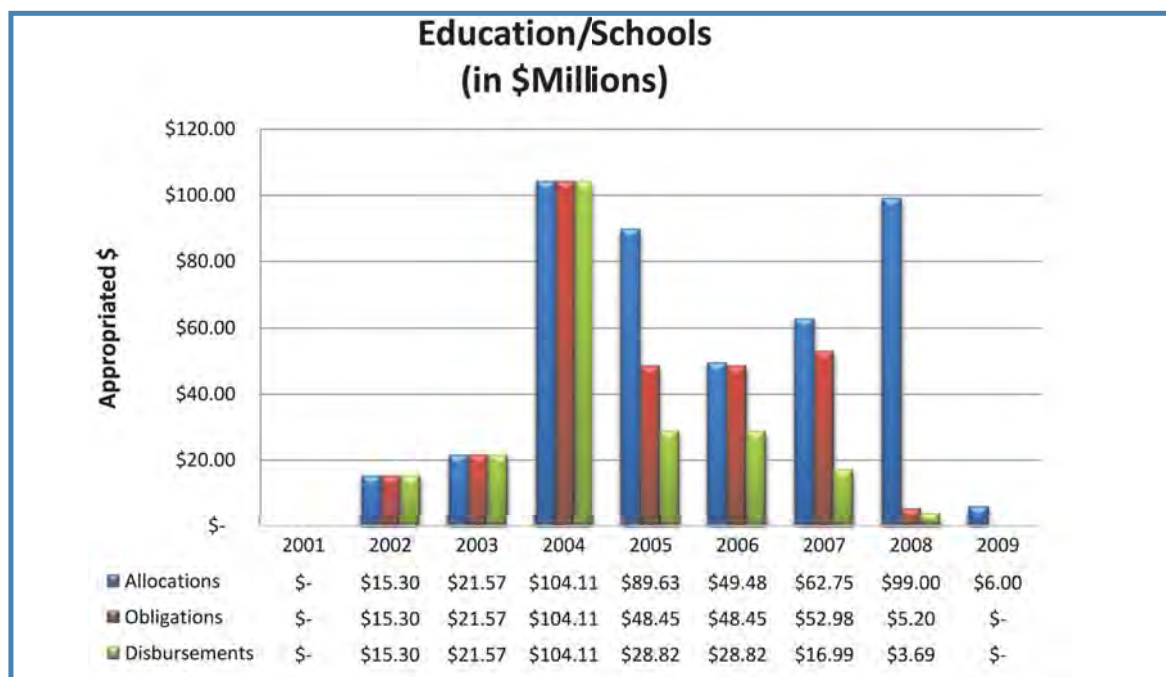


Figure 35

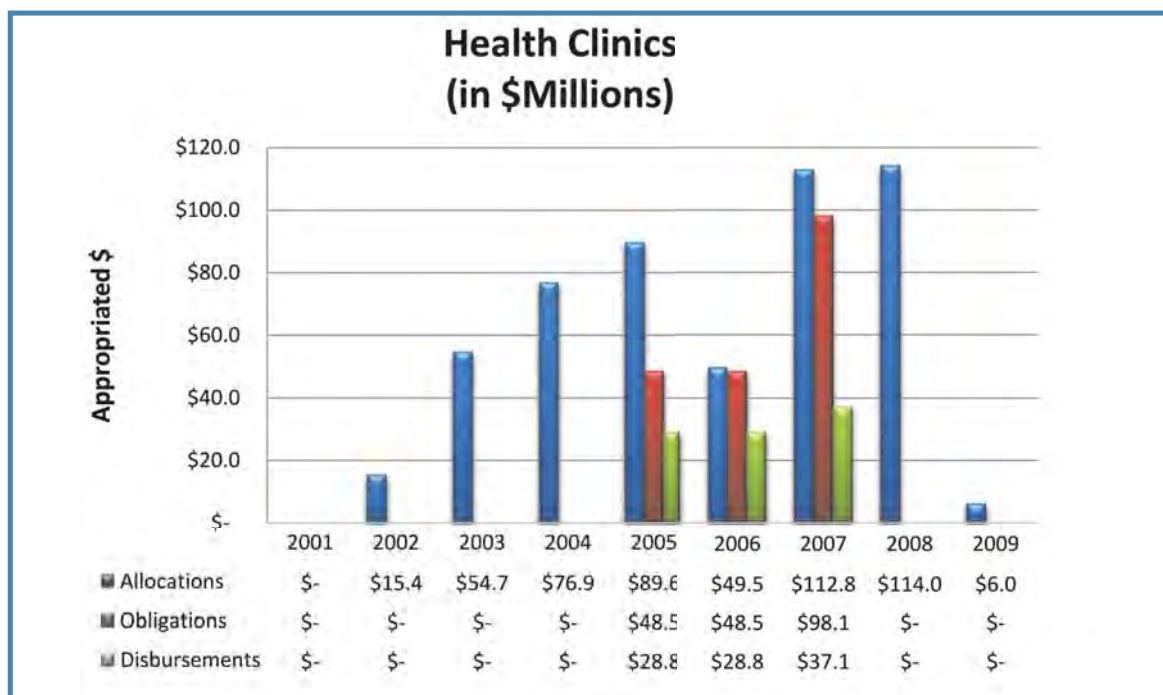


Figure 36

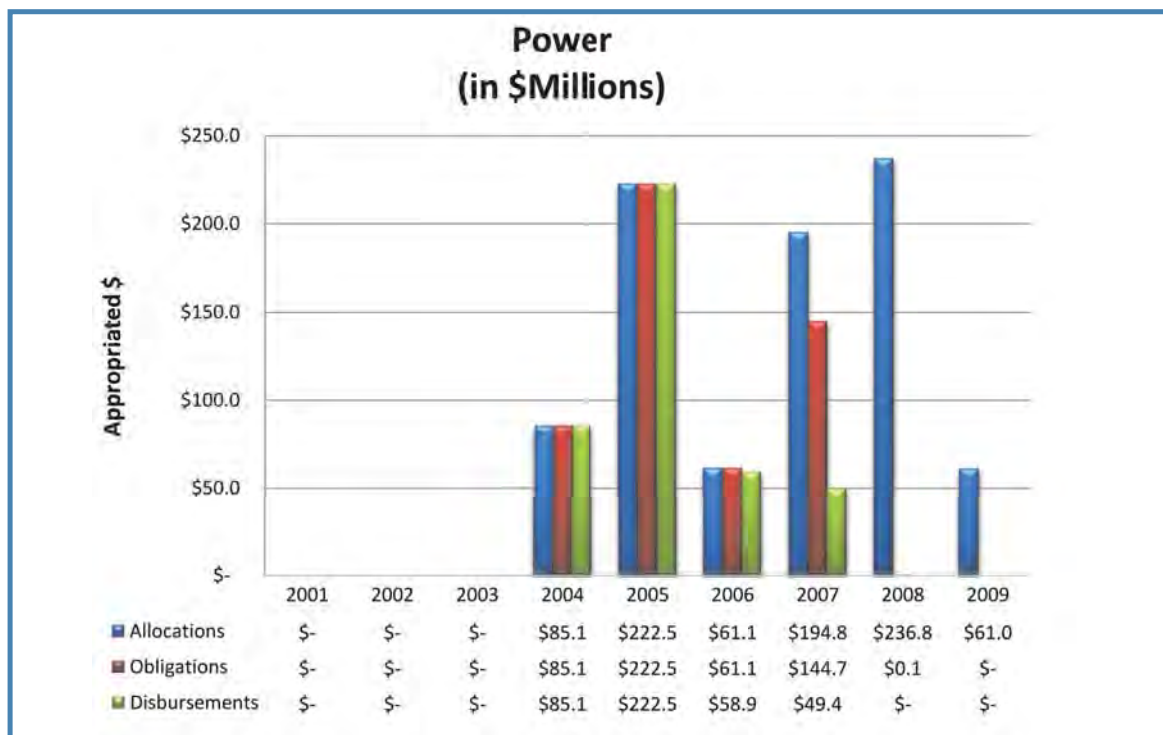


Figure 37

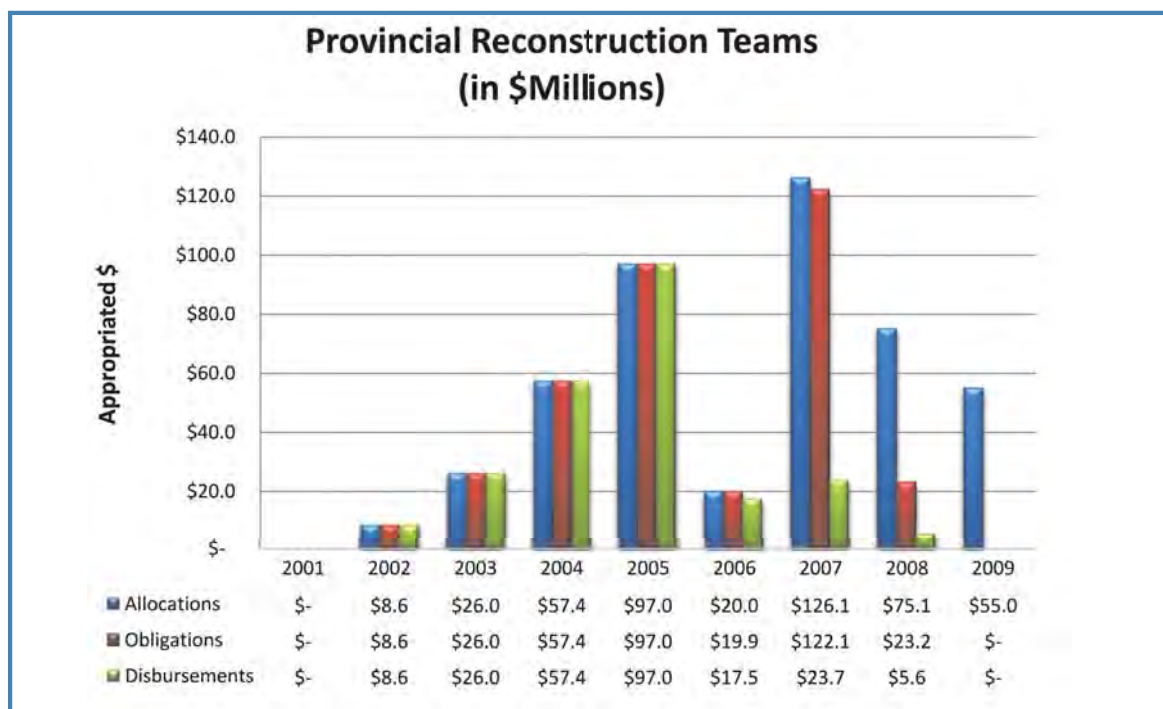


Figure 38

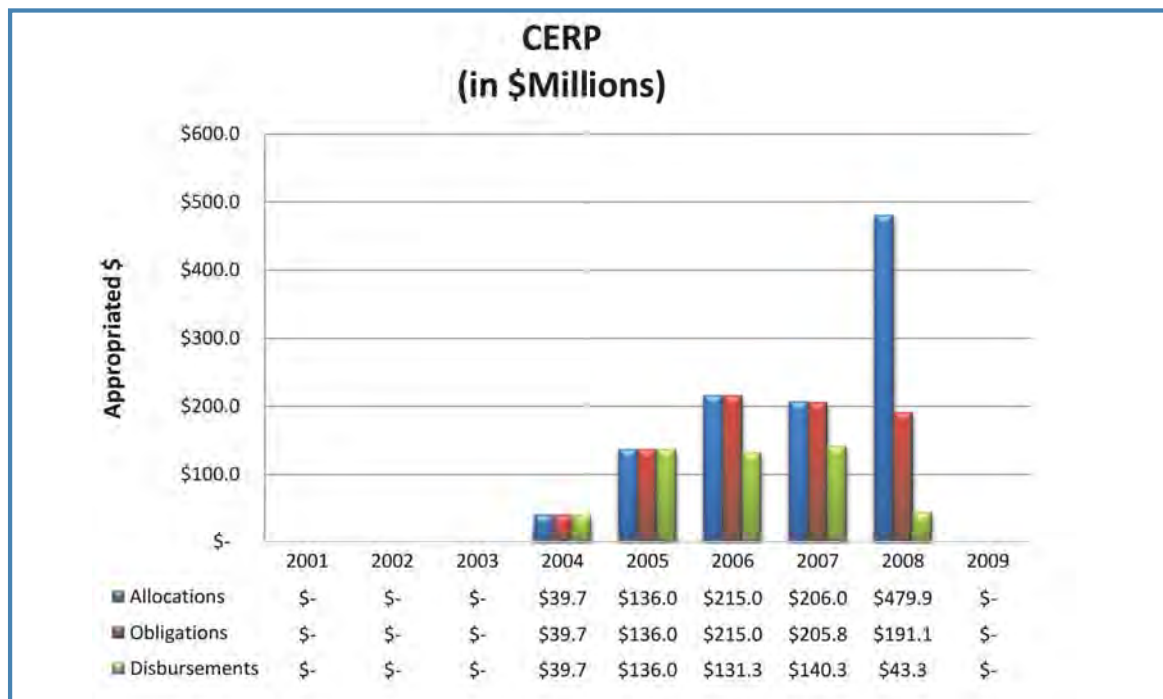


Figure 39

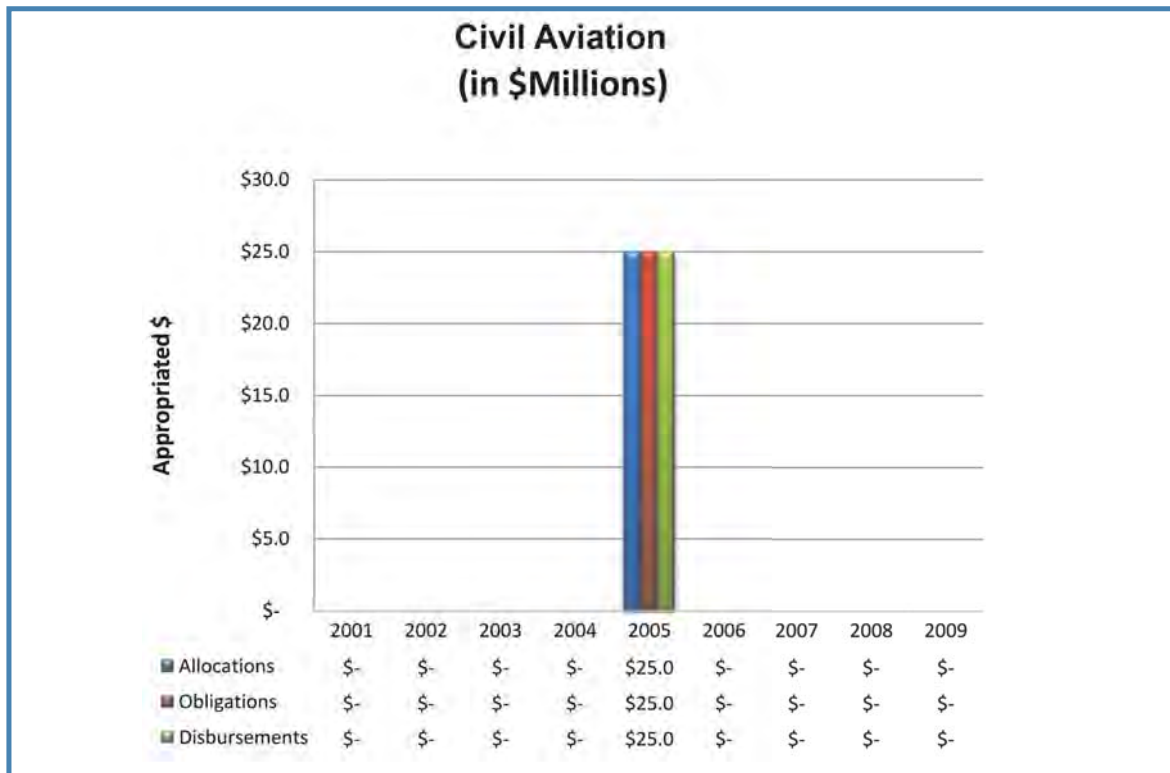


Figure 40

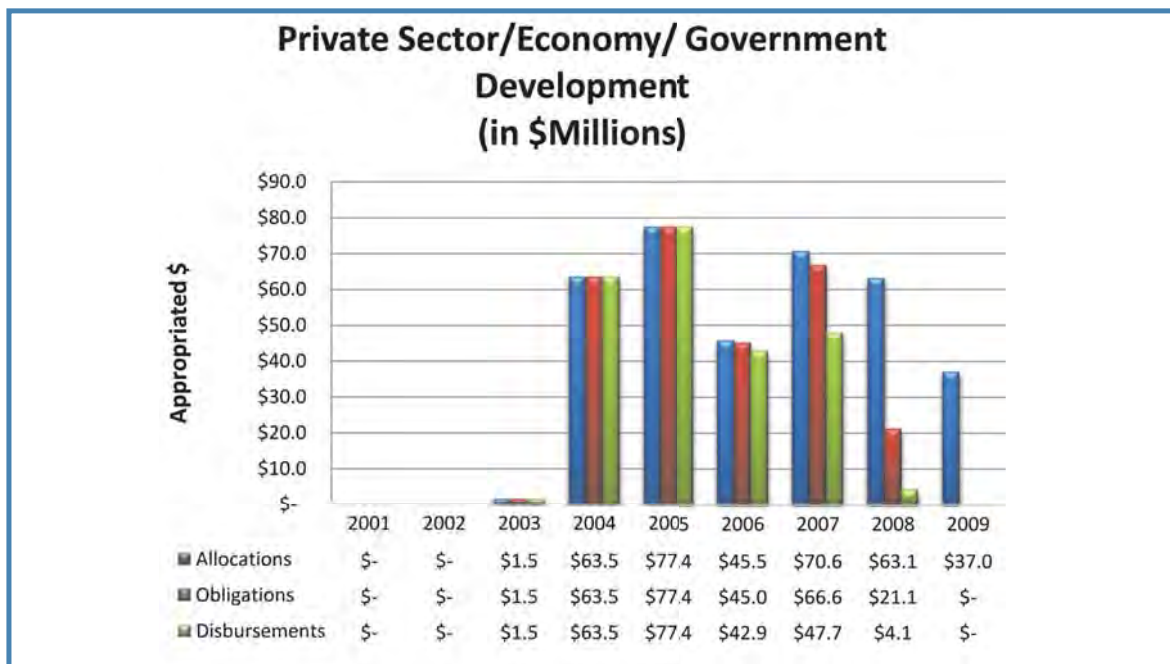


Figure 41

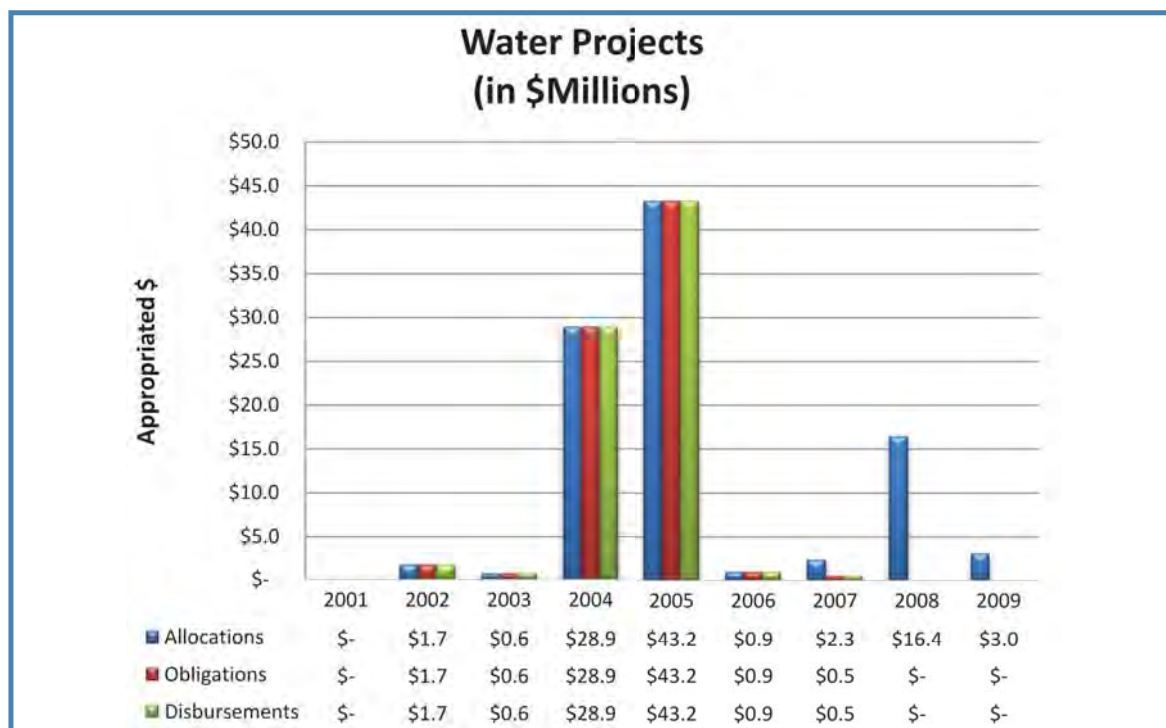


Figure 42

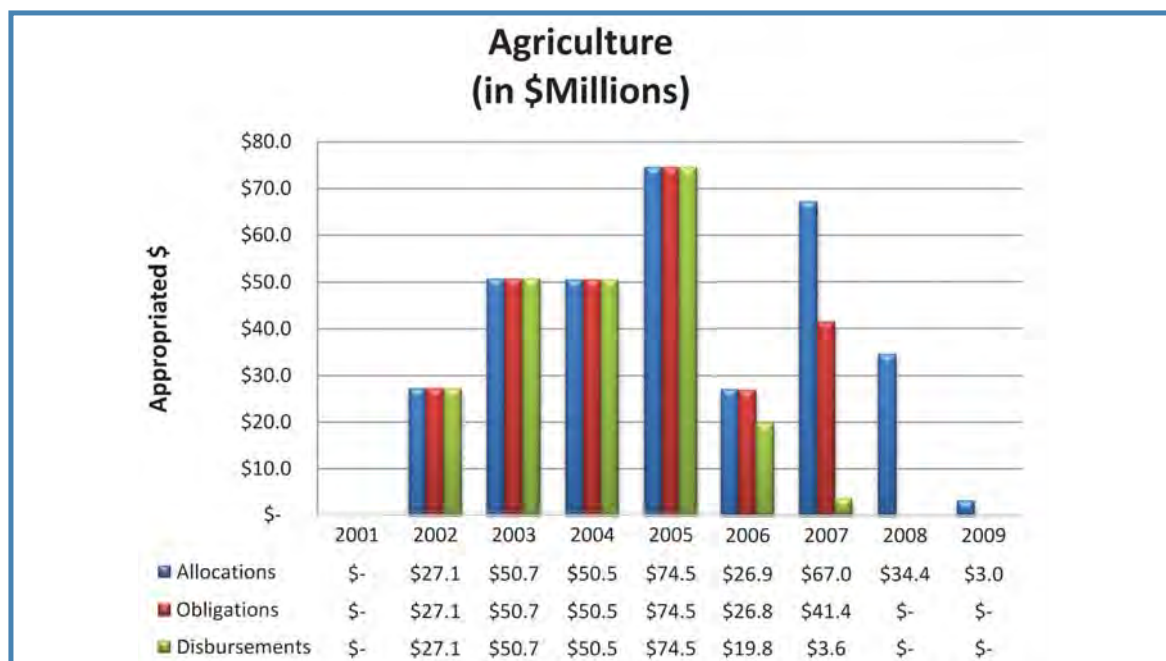


Figure 43

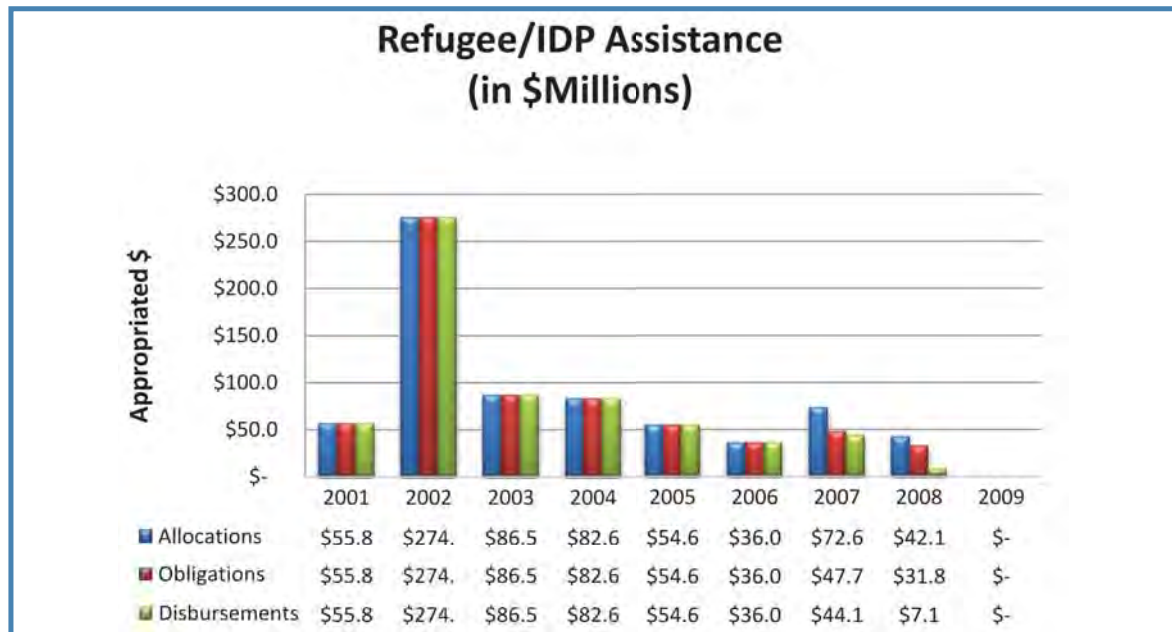


Figure 44

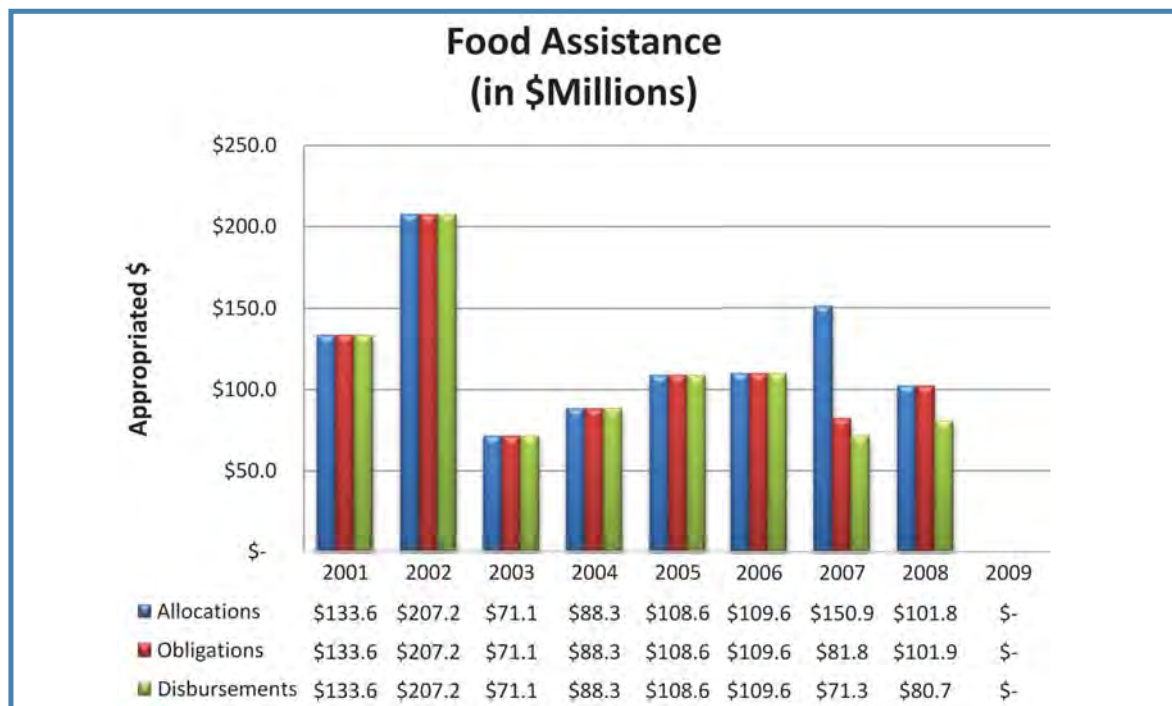


Figure 45

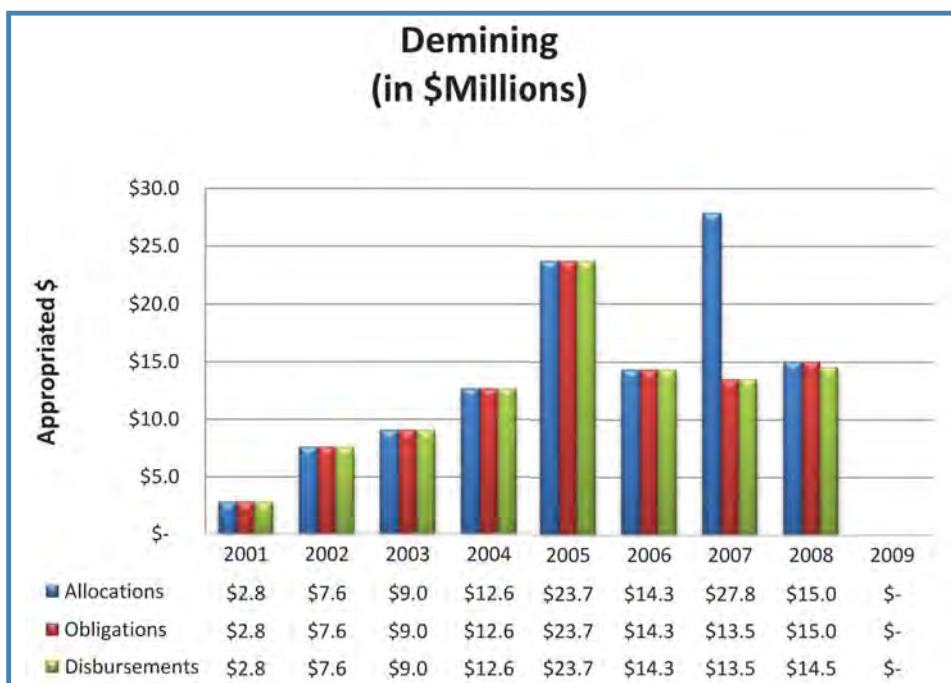


Figure 46

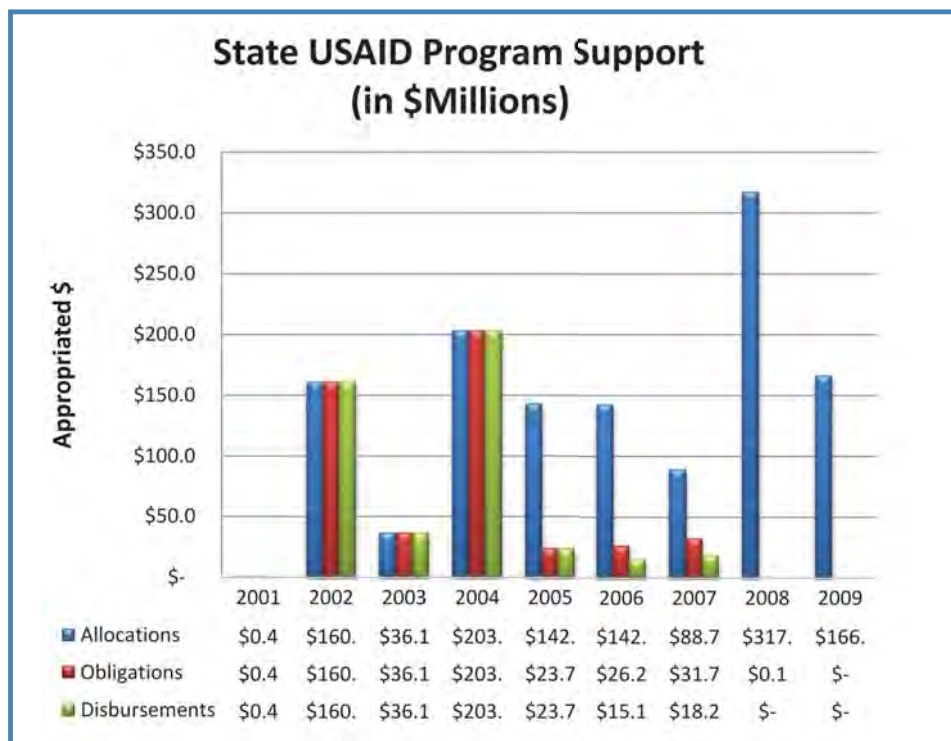


Figure 47

ACRONYMS AND DEFINITIONS

Acronym	Definition
AFP	Annual Funding Program
AFSA	Afghan Freedom Support Act of 2002
AIA	Afghan Interim Authority
AIHRC	Afghan Independent Human Rights Commission
ANA	Afghan National Army
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
ARTF	Afghanistan Reconstruction Trust Fund
ASFF	Afghan Security Forces Fund
CERP	Commanders' Emergency Response Program
CENTCOM	U.S. Central Command
CRS	Congressional Research Service
DDR	Demobilization, Demilitarization and Reintegration
DoD	Department of Defense
DoD IG	Department of Defense Inspector General
DoS	Department of State
GDP	Gross Domestic Product
GAO	Government Accountability Office
GOA	Government of Afghanistan
IDP	Internally Displaced Persons
IG	Inspectors General
ISAF	International Security Assistance Force (NATO)
ISFR	Interagency Status of Funds Report
Loya Jirga	A Pashtun term meaning a "grand assembly" representing various ethnic groups, tribes, religions and political groups
MANPADS	Man-Portable Air Defense Systems
NATO	North Atlantic Treaty Organization
PRT	Provincial Reconstruction Team
SACEUR	Supreme Allied Commander Europe
SIGAR	Special Inspector General for Afghanistan Reconstruction
SIGIR	Special Inspector General for Iraq Reconstruction
TA	Transitional Authority
SOCOM	U.S. Special Operations Command
UNAMA	United Nations Assistance Mission in Afghanistan
USAID	United States Agency for International Development
USAID IG	United States Agency for International Development Inspector General
USG	United States Government
WMD	Weapons of Mass Destruction

APPENDICES

- Appendix A** – Government Institutions of Afghanistan
- Appendix B** – Map of Afghanistan
- Appendix C** – Comparative Country Statistics and Information
- Appendix D** – Historical Perspective
- Appendix E** – The Department of State's Foreign Assistance Framework
- Appendix F** – PL 110-181 – 2008 National Defense Authorization Act
- Appendix G** – PL 107-327 – Afghanistan Freedom Support Act of 2002
- Appendix H** – The Bonn Agreement
- Appendix I** – The Afghanistan Compact
- Appendix J** – Afghanistan National Development Strategy Executive Summary
- Appendix K** – Afghanistan International Community Donors List

Appendix A

Government Institutions of Afghanistan²¹

COUNTRY	AFGHANISTAN
Government	
Government Type	Islamic Republic
Capital	Kabul
Administrative Divisions	34 provinces (velayat, singular - velayat); Badakhshan, Badghis, Baghlan, Balkh, Bamian, Daykondi, Farah, Faryab, Ghazni, Ghowr, Helmand, Herat, Jowzjan, Kabul, Kandahar, Kapisa, Khowst, Konar, Konoz, Laghman, Lowgar, Nangarhar, Nimruz, Nurestan, Oruzgan, Paktia, Paktika, Panjshir, Parvan, Samangan, Sare Pol, Takhar, Vardak, Zabol
Legal System	Based on mixed civil and Shari'a law; has not accepted compulsory ICJ jurisdiction
Suffrage	18 years of age; universal
Executive Branch	Chief Of State: President of the Islamic Republic of Afghanistan Hamid KARZAI (since 7 December 2004); Vice Presidents Ahmad Zia MASOOD and Abdul Karim KHALILI (since 7 December 2004); note - the president is both the chief of state and head of government; former King ZAHIR Shah held the honorific, "Father of the Country," and presided symbolically over certain occasions but lacked any governing authority; the honorific is not hereditary; King ZAHIR Shah died on 23 July 2007 Head Of Government: President of the Islamic Republic of Afghanistan Hamid KARZAI (since 7 December 2004); Vice Presidents Ahmad Zia MASOOD and Abdul Karim KHALILI (since 7 December 2004) Cabinet: 25 ministers; note - under the new constitution, ministers are appointed by the president and approved by the National Assembly
Legislative Branch	The bicameral National Assembly consists of the Wolesi Jirga or House of People (no more than 249 seats), directly elected for five-year terms, and the Meshrano Jirga or House of Elders (102 seats, one-third elected from provincial councils for four-year terms, one-third elected from local district councils for three-year terms, and one-third nominated by the president for five-year terms) note: on rare occasions the government may convene a Loya Jirga (Grand Council) on issues of independence, national sovereignty, and territorial integrity; it can amend the provisions of the constitution and prosecute the president; it is made up of members of the National Assembly and chairpersons of the provincial and district councils
Judicial Branch	The constitution establishes a nine-member Stera Mahkama or Supreme Court (its nine justices are appointed for 10-year terms by the president with approval of the Wolesi Jirga) and subordinate High Courts and Appeals Courts; there is also a minister of justice; a separate Afghan Independent Human Rights Commission established by the Bonn Agreement is charged with investigating human rights abuses and war crimes
Diplomatic Representation in the US	Chief Of Mission: Ambassador Said Tayeb JAWAD Chancery: 2341 Wyoming Avenue NW, Washington, DC 20008
Diplomatic Representation From the US	Chief Of Mission: Ambassador William B. WOOD Embassy: Kabul
Flag Description	Three equal vertical bands of black (hoist side), red, and green, with the national emblem in white centered on the red band and slightly overlapping the other two bands; the center of the emblem features a mosque with pulpit and flags on either side, below the mosque are numerals for the solar year 1298 (1919 in the Gregorian calendar, the year of Afghan independence from the UK); this central image is circled by a border consisting of sheaves of wheat on the left and right, in the upper-center is an Arabic inscription of the Shahada (Muslim creed) below which are rays of the rising sun over the Takbir (Arabic expression meaning "God is great"), and at bottom center is a scroll bearing the name Afghanistan
Flag	

²¹ Central Intelligence Agency. (October 2, 2008). *CIA World Factbook – Afghanistan*. Retrieved October 7, 2008, from <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

Appendix B

Map of the Islamic Republic of Afghanistan



Appendix C

Comparative Country Statistics and Information²²

COUNTRY	AFGHANISTAN	IRAQ
Geography		
Area	Area total: 647,500 sq km Land: 647,500 sq km/Water: 0 sq km Slightly smaller than Texas	Area total: 437,072 sq km Land: 432,162 sq km /Water: 4,910 sq km Slightly more than twice the size of Idaho
Land Boundaries	total: 5,529 km Border countries: China 76 km, Iran 936 km, Pakistan 2,430 km, Tajikistan 1,206 km, Turkmenistan 744 km, Uzbekistan 137 km	Total: 3,650 km Border countries: Iran 1,458 km, Jordan 181 km, Kuwait 240 km, Saudi Arabia 814 km, Syria 605 km, Turkey 352 km
Climate	Arid to Semiarid; Cold Winters and Hot Summers	Mostly desert; mild to cool winters with dry, hot, cloudless summers; Northern Mountainous Regions Along Iranian And Turkish Borders Experience Cold Winters With Occasionally Heavy Snows That Melt In Early Spring, Sometimes Causing Extensive Flooding in Central and Southern Iraq
Terrain	Mostly rugged mountains; Plains in north and southwest	Mostly broad plains; Reedy marshes along Iranian border in south with large flooded areas; Mountains along borders with Iran and Turkey
Natural Resources	Natural Gas, Petroleum, Coal, Copper, Chromite, Talc, Barites, Sulfur, Lead, Zinc, Iron Ore, Salt, Precious and Semiprecious Stones	Petroleum, Natural Gas, Phosphates, Sulfur
Land Use	Arable Land: 12.13% Permanent Crops: 0.21% Other: 87.66% (2005)	Arable Land: 13.12% Permanent Crops: 0.61% Other: 86.27% (2005)
Irrigated Land	27,200 sq km (2003)	35,250 sq km (2003)
Total Renewable Water Resources	65 cu km (1997)	96.4 cu km (1997)
People		
Population	32,738,376 (July 2008 est.)	28,221,180 (July 2008 est.)
Age Structure	0-14 Years: 44.6% (Male 7,474,394/Female 7,121,145) 15-64 Years: 53% (Male 8,901,880/Female 8,447,983) 65 Years and Over: 2.4% (Male 383,830/Female 409,144) (2008 Est.)	0-14 Years: 39.2% (Male 5,613,420/Female 5,438,770) 15-64 Years: 57.9% (Male 8,270,573/Female 8,057,423) 65 Years and Over: 3% (Male 396,751/Female 444,244) (2008 Est.)
Population Growth Rate	2.626% (2008 est.)	2.562% (2008 est.)
Infant Mortality Rate	Total: 154.67 Deaths/1,000 Live Births Male: 158.88 Deaths/1,000 Live Births Female: 150.24 Deaths/1,000 Live Births (2008 Est.)	Total: 45.43 Deaths/1,000 Live Births Male: 51.06 Deaths/1,000 Live Births Female: 39.53 Deaths/1,000 Live Births (2008 Est.)
Life Expectancy at Birth	Total Population: 44.21 Years Male: 44.04 Years Female: 44.39 Years (2008 Est.)	Total Population: 69.62 Years Male: 68.32 Years Female: 70.99 Years (2008 Est.)
Ethnic Groups	Pashtun 42%, Tajik 27%, Hazara 9%, Uzbek 9%, Aimak 4%, Turkmen 3%, Baloch 2%, Other 4%	Arab 75%-80%, Kurdish 15%-20%, Turkoman, Assyrian, or Other 5%
Religions	Sunni Muslim 80%, Shi'a Muslim 19%, Other 1%	Muslim 97% (Shi'a 60%-65%, Sunni 32%-37%), Christian or Other 3%

²² Central Intelligence Agency. (October 2, 2008). *CIA World Factbook – Afghanistan*. Retrieved October 7, 2008, from <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

COUNTRY	AFGHANISTAN	IRAQ
Languages	Afghan Persian Or Dari (Official) 50%, Pashto (Official) 35%, Turkic Languages (Primarily Uzbek and Turkmen) 11%, 30 Minor Languages (Primarily Balochi and Pashai) 4%, Much Bilingualism	Arabic, Kurdish (Official In Kurdish Regions), Turkoman (A Turkish Dialect), Assyrian (Neo-Aramaic), Armenian
Literacy	Definition: Age 15 And Over Can Read and Write Total Population: 28.1% Male: 43.1% Female: 12.6% (2000 Est.)	Definition: Age 15 And Over Can Read and Write Total Population: 74.1% Male: 84.1% Female: 64.2% (2000 Est.)
School Life Expectancy	Total: 8 Years Male: 11 Years Female: 4 Years (2004)	Total: 10 Years Male: 11 Years Female: 8 Years (2005)
Government		
Government Type	Islamic Republic	Parliamentary Democracy
Administrative Divisions	34 provinces	18 Governorates
Economy		
GDP Purchasing Power Parity	\$35 billion (2007 est.)	\$102.4 billion (2007 est.)
GDP Official Exchange Rate	\$8.842 billion (2007 est.)	\$60.12 billion (2007 est.)
GDP Real Growth Rate	11.5% (2007 est.)	5.9% (2007 est.)
GDP Per Capita (PPP)	\$1,000 (2007 est.)	\$3,700 (2007 est.)
GDP Composition By Sector	<i>agriculture: 38% industry: 24% services: 38% note: data exclude opium production (2005 est.)</i>	<i>agriculture: 5% industry: 68% services: 27% (2006 est.)</i>
Labor Force	15 million (2004 est.)	7.4 million (2004 est.)
Labor Force By Occupation	<i>agriculture: 80% industry: 10% services: 10% (2004 est.)</i>	<i>agriculture: NA% industry: NA% services: NA%</i>
Unemployment Rate	40% (2005 est.)	18% to 30% (2006 est.)
Population Below Poverty Line	53% (2003)	NA%
Inflation Rate (Consumer Prices)	13% (2007 est.)	4.7% (2007 est.)
Budget	<i>revenues: \$715 million expenditures: \$2.6 billion note: Afghanistan has also received \$273 million from the Reconstruction Trust Fund and \$63 million from the Law and Order Trust Fund (2007 est.)</i>	<i>revenues: \$42.3 billion expenditures: \$48.4 billion (FY08 est.)</i>
Agriculture Products	opium, wheat, fruits, nuts; wool, mutton, sheepskins, lambskins	wheat, barley, rice, vegetables, dates, cotton; cattle, sheep, poultry
Agricultural Industries	small-scale production of textiles, soap, furniture, shoes, fertilizer, cement; hand-woven carpets; natural gas, coal, copper	petroleum, chemicals, textiles, leather, construction materials, food processing, fertilizer, metal fabrication/processing
Electricity Production	754.2 million kWh (2005)	33.53 billion kWh (2007 est.)
Electricity Consumption	801.4 million kWh (2005)	35.84 billion kWh (2007 est.)
Electricity Imports	100 million kWh (2005)	0 kWh (2007)
Oil Production	0 bbl/day (2005)	2.093 million bbl/day (2007 est.)
Oil Consumption	5,000 bbl/day (2005 est.)	295,000 bbl/day (2007 est.)

COUNTRY	AFGHANISTAN	IRAQ
Oil Exports	0 bbl/day (2004)	1.67 million bbl/day (2007 est.)
Natural Gas Production	19.18 million cu m (2005 est.)	3.5 billion cu m (2007 est.)
Natural Gas Consumption	19.18 million cu m (2005 est.)	980 million cu m <i>note: 1.48 billion cu m were flared (2005 est.)</i>
Exports	\$274 million; note - not including illicit exports or reexports (2006)	\$38.14 billion f.o.b. (2007 est.)
Exports Commodities	opium, fruits and nuts, hand-woven carpets, wool, cotton, hides and pelts, precious and semi-precious gems	crude oil 84%, crude materials excluding fuels 8%, food and live animals 5%
Imports	\$3.823 billion (2006)	\$25.67 billion f.o.b. (2007 est.)
Imports Commodities	capital goods, food, textiles, petroleum products	food, medicine, manufactures
Imports Partners	Pakistan 37.2%, US 11.1%, India 5%, Germany 4.2% (2007)	Syria 29.9%, Turkey 19.3%, US 10.8%, Jordan 4.9%, China 4.7% (2007)
Economic Aid Recipient	\$2.775 billion (2005)	\$21.65 billion (2005)
Debt External	\$8 billion in bilateral debt, mostly to Russia; Afghanistan has \$500 million in debt to Multilateral Development Banks (2004)	\$100.9 billion (31 December 2007 est.)
Communications		
Telephones – Main in Use	280,000 (2005)	1.547 million (2005)
Telephones – Cellular	5.4 million (2008)	14.021 million (2007)
Radio Broadcast Stations	AM 21, FM 5, Shortwave 1 (Broadcasts in Pashto, Dari (Afghan Persian), Urdu, And English) (2006)	After 17 months of unregulated media growth, there are approximately 80 radio stations (types NA) on the air inside Iraq (2004)
Television Broadcast Stations	At Least 7 (1 Government-Run Central Television Station In Kabul And Regional Stations In 6 Of The 34 Provinces) (2006)	21 (2004)
Internet Users	580,000 (2007)	54,000 (2007)
Transportation		
Airports	46 (2007)	110 (2007)
Airports With Runways	<i>Total: 12 Over 3,047 M: 4 2,438 To 3,047 M: 2 1,524 To 2,437 M: 4 914 To 1,523 M: 1 Under 914 M: 1 (2007)</i>	<i>Total: 76 Over 3,047 M: 19 2,438 To 3,047 M: 37 1,524 To 2,437 M: 5 914 To 1,523 M: 6 Under 914 M: 9 (2007)</i>
Airports With Unpaved Runways	<i>Total: 34 Over 3,047 M: 1 2,438 To 3,047 M: 4 1,524 To 2,437 M: 16 914 To 1,523 M: 4 Under 914 M: 9 (2007)</i>	<i>Total: 34 Over 3,047 M: 3 2,438 To 3,047 M: 4 1,524 To 2,437 M: 4 914 To 1,523 M: 13 Under 914 M: 10 (2007)</i>
Pipelines	Gas 466 Km (2007)	Gas 2,250 Km; Liquid Petroleum Gas 918 Km; Oil 5,509 Km; Refined Products 1,637 Km (2007)
Railways	N/A	<i>Total: 2,272 Km Standard Gauge: 2,272 Km 1.435-M Gauge (2006)</i>
Roadways	<i>Total: 34,782 Km Paved: 8,229 Km Unpaved: 26,553 Km (2004)</i>	<i>Total: 45,550 Km Paved: 38,399 Km Unpaved: 7,151 Km (2000)</i>
Waterways	1,200 km (Chiefly Amu Darya, which handles vessels up to 500 DWT) (2007)	5,279 km <i>note: Euphrates River (2,815 km), Tigris River (1,899 km), and Third River (565 km) are principal waterways (2006)</i>

COUNTRY	AFGHANISTAN	IRAQ
Military		
Branches	Afghan Armed Forces: Afghan National Army (ANA, includes Afghan National Army Air Corps) (2008)	Iraqi Armed Forces: Iraqi Army (includes Iraqi Special Operations Force, Iraqi Intervention Force), Iraqi Navy (former Iraqi Coastal Defense Force), Iraqi Air Force (former Iraqi Army Air Corps) (2005)
Service Age and Obligation	22 years of age; inductees are contracted into service for a 4-year term (2005)	18-49 years of age for voluntary military service (2008)
Manpower Available For Military Service	Males age 16-49: 7,431,147 females age 16-49: 7,004,819 (2008 est.)	Males age 16-49: 7,086,200 females age 16-49: 6,808,954 (2008 est.)
Manpower Fit For Military Service	Males age 16-49: 4,234,180 females age 16-49: 3,946,685 (2008 est.)	Males age 16-49: 6,019,795 females age 16-49: 5,878,905 (2008 est.)
Manpower Reaching Militarily Significant Age Annually	Male: 371,451 female: 351,295 (2008 est.)	Male: 302,926 female: 294,747 (2008 est.)
Military Expenditures	1.9% of GDP (2006 est.)	8.6% of GDP (2006)

Appendix D

Afghanistan Historical Perspective

Afghanistan is at the crossroads of East and West and has been historically a central point for migration and trade. It holds an important geostrategic location as a connector between South, Central and Southwest Asia, and as such, Afghanistan has seen numerous invasions throughout its history. During the late 19th century, at the height of the “Great Game,” Afghanistan became a buffer state in the competition between the British Indian Empire and the Russian Empire for strategic supremacy in Central Asia. Afghanistan gained independence from notional British control in 1919.²³ Afghanistan experienced its longest period of stability between 1933 and 1973 under the rule of King Zahir Shah. During that period, the U.S. was a large contributor of development aid, helping to build roads, dams, airports, schools, and other public services.

The history of Afghanistan is best understood in the context of its tribes and religious groups. The largest and historically strongest ethnic group is the Pashtuns, who compose approximately 42 percent of the Afghan population. The first Afghan state was established in 1747 when Ahmad Shah Durrani united the Pashtun tribes.²⁴ Other ethnic groups include Tajiks (27 percent), Hazaras (9 percent), Uzbeks (7 percent), Aimak (4 percent), Turkmen (3 percent), Baloch (2 percent), and other (1 percent).²⁵ Afghanistan is 99 percent Muslim. Within the Muslim community, 80 percent are Sunni and 19 percent are Shi’a.²⁶

Over the last three decades, political conflicts have ravaged Afghanistan. King Shah was deposed by his cousin Mohammad Daud in 1973, and the Daud government ruled until 1978 when Soviet-backed Communists overthrew the government once more. The Soviet Union exerted more control over the country and invaded in December 1979. The next 10 years resulted in a bitter fight for control of the country, with Afghan Muslim holy warriors called the mujahedeen fighting against the Soviet army. Though the mujahedeen received no troop support from the international community, they were well financed by the United States and Saudi Arabia, other nations.²⁷ Factional control of the country following the withdrawal of Soviet troops in 1989, added to the population’s weariness with fighting, and allowed a fundamentalist Islamic group, the Taliban, to gain control of the country.

²³ CIA World Factbook. (2008). *Afghanistan*. Retrieved October 7, 2008, from The CIA World Factbook. Web Site: <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

²⁴ CIA World Factbook. (2008). *Afghanistan*. Retrieved October 7, 2008, from The CIA World Factbook. Web Site: <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

²⁵ CIA World Factbook. (2008). *Afghanistan*. Retrieved October 7, 2008, from The CIA World Factbook. Web Site: <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

²⁶ CIA World Factbook. (2008). *Afghanistan*. Retrieved October 7, 2008, from The CIA World Factbook. Web Site: <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

²⁷ Crossette, Barbara. (2001, September 18). “A Nation Challenged: Afghanistan, for Ages an Affliction to Mighty Empires, Is Not Easily Subdued.” *New York Times*.

By 1998, following a prolonged civil war, most of Afghanistan was under the control of the Taliban and had become a haven for terrorists. Following the events of September 11, 2001, the United States, several allies, and Afghanistan's Northern Alliance forcibly removed the Taliban regime from Afghanistan.

In the wake of decades of war that left Afghanistan without an army or a functioning police force, the United States, the North Atlantic Treaty Organization (NATO), and other coalition countries have been working to develop the ANA and the ANP to provide security for Afghanistan. After several years of relative calm since the ousting of the Taliban, security began deteriorating significantly beginning in 2006. Destabilizing insurgency, terrorism, and violence directed at the central government are on the rise and today one finds that a resurgent Taliban is once again a threat to the peace of Afghanistan and ultimately to the region.

Current Challenges and Issues in Afghanistan

Challenges in Afghanistan are many and include, among others, issues in human rights, governance, the economy, and stability. There has been a resurgence of the Taliban since mid-2006 with tactics characteristic of the Iraq insurgency, including suicide and road-side bombing attacks.²⁸ Violence and casualties, both civil and military, have increased.²⁹ Despite recent progress, Afghanistan is still one of the world's poorest countries, and the Afghan government relies heavily on international aid for its continued existence. The unemployment rate is 40 percent, and much of the population suffers from limited access to clean water, and electricity.³⁰ Challenges to economic growth and stability include continued warfare, crime, government corruption, war-torn infrastructure, the large narcotics industry, and the Afghan government's inability to extend rule of law to all parts of the country.³¹

²⁸ Katzman, Kenneth. Congressional Research Service. (June 6, 2008). Afghanistan: Post-War Governance, Security, and U.S. Policy. (CRS RL30588). Washington, DC: U.S. The Library of Congress.

²⁹ Mazzetti, Mark. (2008, July 2). *The New York Times*. from <http://www.nytimes.com/2008/07/02/washington/02military.html>

³⁰ Central Intelligence Agency. (October 2, 2008). CIA World Factbook – Afghanistan. Retrieved October 7, 2008, from <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

³¹ Central Intelligence Agency. (October 2, 2008). CIA World Factbook – Afghanistan. Retrieved October 7, 2008, from <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

Appendix E

United States Foreign Assistance Framework³²

FOREIGN ASSISTANCE FRAMEWORK								
Goal		"To Help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty and conduct themselves responsibly in the international system"						
Objectives		Peace and Security	Governing Justly and Democratically	Investing In People	Economic Growth	Humanitarian Assistance	End Goal of US Foreign Assistance	Graduation Trajectory
Accounts within State USAID		FMF, TI, IMET, ESF, INCLE, NADR, PKO, ACI, FSA, GCCD	DA, TI, SEED, FSA, DF, ESF, INCLC, IO&P, ACI	DA, CSH, ESF, IDFA, IOSD, FSA, SEED, GIIAI, ACI Title II	DA, ESF, SEED, FSA, IOSD, ACI, Title I	IDFA, MRA, ERMA, Title II		
Foreign Assistance Program Areas		Other USG Agency Contributions						
		<ul style="list-style-type: none">• Counter Terrorism• Combating WMD• Stabilization Operations and Defense Reform• Counternarcotics• Transnational Crime	<ul style="list-style-type: none">• Conflict Mitigation and Response• Rule of Law and Human Rights• Good Governance• Political Competition and Consensus building• Civil Society	<ul style="list-style-type: none">• Health• Education• Social Services and Protection for Vulnerable Populations• Macroeconomic Foundation for Growth• Trade and Investment	<ul style="list-style-type: none">• Financial Sector• Infrastructure• Agriculture• Private Sector Competitiveness• Economic Opportunity	<ul style="list-style-type: none">• Environment• Protection, Assistance and Solutions• Disaster Readiness• Migration Management		
	Category Definition							
Rebuilding Countries	States in or emerging from and rebuilding after internal or external conflict.	Prevent or mitigate state failure and/or violent conflict.	Assist in creating and/or stabilizing a legitimate and democratic government and a supportive environment for civil society and media.	Start or restart the delivery of critical social services, including health and educational facilities, and begin building or rebuilding institutional capacity.	Assist in the construction or reconstruction of key internal infrastructure and market mechanisms to stabilize the economy.	Address immediate needs of refugee, displaced, and other affected groups.	Stable environment for good governance, increased availability of essential social services, and initial progress to create policies and institutions upon which future progress will rest.	Advance to the Developing or Transforming Category.
Developing Countries	States with low or lower-middle income, not yet meeting MCC performance criteria, and the criterion related to political rights.	Address key remaining challenges to security and law enforcement.	Support policies and programs that accelerate and strengthen public institutions and the creation of a more vibrant local government, civil society and media.	Encourage social policies that deepen the ability of institutions to establish appropriate roles for the public and private sector in service delivery.	Encourage economic policies and strengthen institutional capacity to promote broad-based growth.	Encourage reduced need for future HA by introducing prevention and mitigation strategies, while continuing to address emergency needs.	Continued progress in expanding and deepening democracy, strengthening public and private institutions, and supporting policies that promote economic growth and poverty reduction.	Advance to the Transforming Category.
Restrictive Countries	States of concern where there are significant governance issues	Prevent the acquisition/proliferation of AWMD, support CT and counter narcotics.	Foster effective democracy and responsible sovereignty. Create local capacity for fortification of civil society and path to democratic governance.	Address humanitarian needs.	Promote a market-based economy.	Address emergency needs on a short term basis, as necessary.	Civil society empowered to demand more effective democracies and states respectful of human dignity, accountable to their citizens, and responsible towards their neighbors.	Advance to other relevant foreign assistance category.
Global or Regional	Activities that advance the five objectives, transcend a single country's borders, and are addressed outside a country strategy.						Achievement of foreign assistance goal and objectives.	Determined based on criteria specific to the global or regional objective.

³² Table based on the Department of State Congressional Budget Justification Foreign Operations. (2008).

Appendix F

PI 110-181: 2008 National Defense Authorization Act

SEC. 1229. SPECIAL INSPECTOR GENERAL FOR AFGHANISTAN RECONSTRUCTION.

(a) Purposes- The purposes of this section are as follows:

- (1) To provide for the independent and objective conduct and supervision of audits and investigations relating to the programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- (2) To provide for the independent and objective leadership and coordination of, and recommendations on, policies designed to--
 - (A) promote economy efficiency, and effectiveness in the administration of the programs and operations described in paragraph (1); and
 - (B) prevent and detect waste, fraud, and abuse in such programs and operations.
- (3) To provide for an independent and objective means of keeping the Secretary of State and the Secretary of Defense fully and currently informed about problems and deficiencies relating to the administration of such programs and operations and the necessity for and progress on corrective action.

(b) Office of Inspector General- There is hereby established the Office of the Special Inspector General for Afghanistan Reconstruction to carry out the purposes of subsection (a).

(c) Appointment of Inspector General; Removal-

- (1) APPOINTMENT- The head of the Office of the Special Inspector General for Afghanistan Reconstruction is the Special Inspector General for Afghanistan Reconstruction (in this section referred to as the 'Inspector General'), who shall be appointed by the President. The President may appoint the Special Inspector General for Iraq Reconstruction to serve as the Special Inspector General for Afghanistan Reconstruction, in which case the Special Inspector General for Iraq Reconstruction shall have all of the duties, responsibilities, and authorities set forth under this section with respect to such appointed position for the purpose of carrying out this section.
- (2) QUALIFICATIONS- The appointment of the Inspector General shall be made solely on the basis of integrity and demonstrated ability in accounting, auditing, financial analysis, law, management analysis, public administration, or investigations.
- (3) DEADLINE FOR APPOINTMENT- The appointment of an individual as Inspector General shall be made not later than 30 days after the date of the enactment of this Act.
- (4) COMPENSATION- The annual rate of basic pay of the Inspector General shall be the annual rate of basic pay provided for positions at level IV of the Executive Schedule under section 5315 of title 5, United States Code.
- (5) PROHIBITION ON POLITICAL ACTIVITIES- For purposes of section 7324

of title 5, United States Code, the Inspector General shall not be considered an employee who determines policies to be pursued by the United States in the nationwide administration of Federal law.

(6) REMOVAL- The Inspector General shall be removable from office in accordance with the provisions of section 3(b) of the Inspector General Act of 1978 (5 U.S.C. App.).

(d) Assistant Inspectors General- The Inspector General shall, in accordance with applicable laws and regulations governing the civil service--

(1) appoint an Assistant Inspector General for Auditing who shall have the responsibility for supervising the performance of auditing activities relating to programs and operations supported by amounts appropriated or otherwise made available for the reconstruction of Afghanistan; and

(2) appoint an Assistant Inspector General for Investigations who shall have the responsibility for supervising the performance of investigative activities relating to such programs and operations.

(e) Supervision-

(1) IN GENERAL- Except as provided in paragraph (2), the Inspector General shall report directly to, and be under the general supervision of, the Secretary of State and the Secretary of Defense.

(2) INDEPENDENCE TO CONDUCT INVESTIGATIONS AND AUDITS- No officer of the Department of Defense, the Department of State, or the United States Agency for International Development shall prevent or prohibit the Inspector General from initiating, carrying out, or completing any audit or investigation related to amounts appropriated or otherwise made available for the reconstruction of Afghanistan or from issuing any subpoena during the course of any such audit or investigation.

(f) Duties-

(1) OVERSIGHT OF AFGHANISTAN RECONSTRUCTION- It shall be the duty of the Inspector General to conduct, supervise, and coordinate audits and investigations of the treatment, handling, and expenditure of amounts appropriated or otherwise made available for the reconstruction of Afghanistan, and of the programs, operations, and contracts carried out utilizing such funds, including--

(A) the oversight and accounting of the obligation and expenditure of such funds;

(B) the monitoring and review of reconstruction activities funded by such funds;

(C) the monitoring and review of contracts funded by such funds;

(D) the monitoring and review of the transfer of such funds and associated information between and among departments, agencies, and entities of the United States and private and nongovernmental entities;

(E) the maintenance of records on the use of such funds to facilitate future audits and investigations of the use of such fund;

- (F) the monitoring and review of the effectiveness of United States coordination with the Government of Afghanistan and other donor countries in the implementation of the Afghanistan Compact and the Afghanistan National Development Strategy; and
- (G) the investigation of overpayments such as duplicate payments or duplicate billing and any potential unethical or illegal actions of Federal employees, contractors, or affiliated entities and the referral of such reports, as necessary, to the Department of Justice to ensure further investigations, prosecutions, recovery of further funds, or other remedies.

(2) OTHER DUTIES RELATED TO OVERSIGHT- The Inspector General shall establish, maintain, and oversee such systems, procedures, and controls as the Inspector General considers appropriate to discharge the duties under paragraph (1).

(3) DUTIES AND RESPONSIBILITIES UNDER INSPECTOR GENERAL ACT OF 1978- In addition to the duties specified in paragraphs (1) and (2), the Inspector General shall also have the duties and responsibilities of inspectors general under the Inspector General Act of 1978.

(4) COORDINATION OF EFFORTS- In carrying out the duties, responsibilities, and authorities of the Inspector General under this section, the Inspector General shall coordinate with, and receive the cooperation of each of the following:

- (A) The Inspector General of the Department of Defense.
- (B) The Inspector General of the Department of State.
- (C) The Inspector General of the United States Agency for International Development.

(g) Powers and Authorities-

(1) AUTHORITIES UNDER INSPECTOR GENERAL ACT OF 1978- In carrying out the duties specified in subsection (f), the Inspector General shall have the authorities provided in section 6 of the Inspector General Act of 1978, including the authorities under subsection (e) of such section.

(2) AUDIT STANDARDS- The Inspector General shall carry out the duties specified in subsection (f)(1) in accordance with section 4(b)(1) of the Inspector General Act of 1978.

(h) Personnel, Facilities, and Other Resources-

(1) PERSONNEL- The Inspector General may select, appoint, and employ such officers and employees as may be necessary for carrying out the duties of the Inspector General, subject to the provisions of title 5, United States Code, governing appointments in the competitive service, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classification and General Schedule pay rates.

(2) EMPLOYMENT OF EXPERTS AND CONSULTANTS- The Inspector General may obtain services as authorized by section 3109 of title 5, United States Code, at daily rates not to exceed the equivalent rate prescribed for grade GS-

15 of the General Schedule by section 5332 of such title.

(3) CONTRACTING AUTHORITY- To the extent and in such amounts as may be provided in advance by appropriations Acts, the Inspector General may enter into contracts and other arrangements for audits, studies, analyses, and other services with public agencies and with private persons, and make such payments as may be necessary to carry out the duties of the Inspector General.

(4) RESOURCES- The Secretary of State or the Secretary of Defense, as appropriate, shall provide the Inspector General with appropriate and adequate office space at appropriate locations of the Department of State or the Department of Defense, as the case may be, in Afghanistan, together with such equipment, office supplies, and communications facilities and services as may be necessary for the operation of such offices, and shall provide necessary maintenance services for such offices and the equipment and facilities located therein.

(5) ASSISTANCE FROM FEDERAL AGENCIES-

(A) IN GENERAL- Upon request of the Inspector General for information or assistance from any department, agency, or other entity of the Federal Government, the head of such entity shall, insofar as is practicable and not in contravention of any existing law, furnish such information or assistance to the Inspector General, or an authorized designee.

(B) REPORTING OF REFUSED ASSISTANCE- Whenever information or assistance requested by the Inspector General is, in the judgment of the Inspector General, unreasonably refused or not provided, the Inspector General shall report the circumstances to the Secretary of State or the Secretary of Defense, as appropriate, and to the appropriate congressional committees without delay.

(6) USE OF PERSONNEL, FACILITIES, AND OTHER RESOURCES OF THE OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION- Upon the request of the Inspector General, the Special Inspector General for Iraq Reconstruction--

(A) may detail, on a reimbursable basis, any of the personnel of the Office of the Special Inspector General for Iraq Reconstruction to the Office of the Inspector General for Afghanistan Reconstruction for the purpose of carrying out this section; and

(B) may provide, on a reimbursable basis, any of the facilities or other resources of the Office of the Special Inspector General for Iraq Reconstruction to the Office of the Inspector General for Afghanistan Reconstruction for the purpose of carrying out this section.

(i) Reports-

(1) QUARTERLY REPORTS- Not later than 30 days after the end of each fiscal-year quarter, the Inspector General shall submit to the appropriate congressional committees a report summarizing, for the period of that quarter and, to the extent possible, the period from the end of such quarter to the time

of the submission of the report, the activities during such period of the Inspector General and the activities under programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan. Each report shall include, for the period covered by such report, a detailed statement of all obligations, expenditures, and revenues associated with reconstruction and rehabilitation activities in Afghanistan, including the following:

- (A) Obligations and expenditures of appropriated funds.
- (B) A project-by-project and program-by-program accounting of the costs incurred to date for the reconstruction of Afghanistan, together with the estimate of the Department of Defense, the Department of State, and the United States Agency for International Development, as applicable, of the costs to complete each project and each program.
- (C) Revenues attributable to or consisting of funds provided by foreign nations or international organizations to programs and projects funded by any department or agency of the United States Government, and any obligations or expenditures of such revenues.
- (D) Revenues attributable to or consisting of foreign assets seized or frozen that contribute to programs and projects funded by any department or agency of the United States Government, and any obligations or expenditures of such revenues.
- (E) Operating expenses of agencies or entities receiving amounts appropriated or otherwise made available for the reconstruction of Afghanistan.
- (F) In the case of any contract, grant, agreement, or other funding mechanism described in paragraph (2)--
 - (i) the amount of the contract, grant, agreement, or other funding mechanism;
 - (ii) a brief discussion of the scope of the contract, grant, agreement, or other funding mechanism;
 - (iii) a discussion of how the department or agency of the United States Government involved in the contract, grant, agreement, or other funding mechanism identified, and solicited offers from, potential individuals or entities to perform the contract, grant, agreement, or other funding mechanism, together with a list of the potential individuals or entities that were issued solicitations for the offers; and
 - (iv) the justification and approval documents on which was based the determination to use procedures other than procedures that provide for full and open competition.

(2) COVERED CONTRACTS, GRANTS, AGREEMENTS, AND FUNDING MECHANISMS- A contract, grant, agreement, or other funding mechanism described in this paragraph is any major contract, grant, agreement, or other funding mechanism that is entered into by any department or agency of the

United States Government that involves the use of amounts appropriated or otherwise made available for the reconstruction of Afghanistan with any public or private sector entity for any of the following purposes:

(A) To build or rebuild physical infrastructure of Afghanistan.

(B) To establish or reestablish a political or societal institution of Afghanistan.

(C) To provide products or services to the people of Afghanistan.

(3) PUBLIC AVAILABILITY- The Inspector General shall publish on a publically-available Internet website each report under paragraph (1) of this subsection in English and other languages that the Inspector General determines are widely used and understood in Afghanistan.

(4) FORM- Each report required under this subsection shall be submitted in unclassified form, but may include a classified annex if the Inspector General considers it necessary.

(5) RULE OF CONSTRUCTION- Nothing in this subsection shall be construed to authorize the public disclosure of information that is--

(A) specifically prohibited from disclosure by any other provision of law;

(B) specifically required by Executive order to be protected from disclosure in the interest of national defense or national security or in the conduct of foreign affairs; or

(C) a part of an ongoing criminal investigation.

(j) Report Coordination-

(1) SUBMISSION TO SECRETARIES OF STATE AND DEFENSE- The Inspector General shall also submit each report required under subsection (i) to the Secretary of State and the Secretary of Defense.

(2) SUBMISSION TO CONGRESS- Not later than 30 days after receipt of a report under paragraph (1), the Secretary of State or the Secretary of Defense may submit to the appropriate congressional committees any comments on the matters covered by the report as the Secretary of State or the Secretary of Defense, as the case may be, considers appropriate. Any comments on the matters covered by the report shall be submitted in unclassified form, but may include a classified annex if the Secretary of State or the Secretary of Defense, as the case may be, considers it necessary.

(k) Transparency-

(1) REPORT- Not later than 60 days after submission to the appropriate congressional committees of a report under subsection (i), the Secretary of State and the Secretary of Defense shall jointly make copies of the report available to the public upon request, and at a reasonable cost.

(2) COMMENTS ON MATTERS COVERED BY REPORT- Not later than 60 days after submission to the appropriate congressional committees under subsection (j)(2) of comments on a report under subsection (i), the Secretary of State and the Secretary of Defense shall jointly make copies of the comments available to the public upon request, and at a reasonable cost.

(l) Waiver-

(1) AUTHORITY- The President may waive the requirement under paragraph (1) or (2) of subsection (k) with respect to availability to the public of any element in a report under subsection (i), or any comment under subsection (j)(2), if the President determines that the waiver is justified for national security reasons.

(2) NOTICE OF WAIVER- The President shall publish a notice of each waiver made under this subsection in the Federal Register no later than the date on which a report required under subsection (i), or any comment under subsection (j)(2), is submitted to the appropriate congressional committees. The report and comments shall specify whether waivers under this subsection were made and with respect to which elements in the report or which comments, as appropriate.

(m) Definitions- In this section:

(1) AMOUNTS APPROPRIATED OR OTHERWISE MADE AVAILABLE FOR THE RECONSTRUCTION OF AFGHANISTAN- The term 'amounts appropriated or otherwise made available for the reconstruction of Afghanistan' means--

(A) amounts appropriated or otherwise made available for any fiscal year-

(i) to the Afghanistan Security Forces Fund; or

(ii) to the program to assist the people of Afghanistan established under subsection (a)(2) of section 1202 of the National Defense Authorization for Fiscal Year 2006 (Public Law 109-163; 119 Stat. 3455-3456); and

(B) amounts appropriated or otherwise made available for any fiscal year for the reconstruction of Afghanistan under--

(i) the Economic Support Fund;

(ii) the International Narcotics Control and Law Enforcement account; or

(iii) any other provision of law.

(2) APPROPRIATE CONGRESSIONAL COMMITTEES- The term 'appropriate congressional committees' means--

(A) the Committees on Appropriations, Armed Services, and Foreign Relations of the Senate; and

(B) the Committees on Appropriations, Armed Services, and Foreign Affairs of the House of Representatives.

(n) Authorization of Appropriations-

(1) IN GENERAL- There is authorized to be appropriated \$20,000,000 for fiscal year 2008 to carry out this section.

(2) OFFSET- The amount authorized to be appropriated by section 1513 for the Afghanistan Security Forces Fund is hereby reduced by \$20,000,000.

(o) Termination-

(1) IN GENERAL- The Office of the Special Inspector General for Afghanistan Reconstruction shall terminate 180 days after the date on which amounts appropriated or otherwise made available for the reconstruction of Afghanistan

that are unexpended are less than \$250,000,000.

(2) FINAL REPORT- The Inspector General shall, prior to the termination of the Office of the Special Inspector General for Afghanistan Reconstruction under paragraph (1), prepare and submit to the appropriate congressional committees a final forensic audit report on programs and operations funded with amounts appropriated or otherwise made available for the reconstruction of Afghanistan.

Appendix G The Bonn Agreement

AGREEMENT ON PROVISIONAL ARRANGEMENTS IN AFGHANISTAN PENDING THE RE-ESTABLISHMENT OF PERMANENT GOVERNMENT INSTITUTIONS

The participants in the UN Talks on Afghanistan,
In the presence of the Special Representative of the Secretary-General for Afghanistan,

Determined to end the tragic conflict in Afghanistan and promote national reconciliation, lasting peace, stability and respect for human rights in the country,

Reaffirming the independence, national sovereignty and territorial integrity of Afghanistan,

Acknowledging the right of the people of Afghanistan to freely determine their own political future in accordance with the principles of Islam, democracy, pluralism and social justice,

Expressing their appreciation to the Afghan mujahidin who, over the years, have defended the independence, territorial integrity and national unity of the country and have played a major role in the struggle against terrorism and oppression, and whose sacrifice has now made them both heroes of jihad and champions of peace, stability and reconstruction of their beloved homeland, Afghanistan,

Aware that the unstable situation in Afghanistan requires the implementation of emergency interim arrangements and expressing their deep appreciation to His Excellency Professor Burhanuddin Rabbani for his readiness to transfer power to an interim authority which is to be established pursuant to this agreement,

Recognizing the need to ensure broad representation in these interim arrangements of all segments of the Afghan population, including groups that have not been adequately represented at the UN Talks on Afghanistan,

Noting that these interim arrangements are intended as a first step toward the establishment of a broad-based, gender-sensitive, multi-ethnic and fully representative government, and are not intended to remain in place beyond the specified period of time,

Recognizing that some time may be required for a new Afghan security force to be fully constituted and functional and that therefore other security provisions detailed in Annex I to this agreement must meanwhile be put in place,

Considering that the United Nations, as the internationally recognized impartial institution, has a particularly important role to play, detailed in Annex II to this agreement, in the period prior to the establishment of permanent institutions in Afghanistan,

Have agreed as follows:

THE INTERIM AUTHORITY

I. General provisions

- 1) An Interim Authority shall be established upon the official transfer of power on 22 December 2001.
- 2) The Interim Authority shall consist of an Interim Administration presided over by a Chairman, a Special Independent Commission for the Convening of the Emergency Loya Jirga, and a Supreme Court of Afghanistan, as well as such other courts as may be established by the Interim Administration. The composition, functions and governing procedures for the Interim Administration and the Special Independent Commission are set forth in this agreement.
- 3) Upon the official transfer of power, the Interim Authority shall be the repository of Afghan sovereignty, with immediate effect. As such, it shall, throughout the interim period, represent Afghanistan in its external relations and shall occupy the seat of Afghanistan at the United Nations and in its specialized agencies, as well as in other international institutions and conferences.
- 4) An Emergency Loya Jirga shall be convened within six months of the establishment of the Interim Authority. The Emergency Loya Jirga will be opened by His Majesty Mohammed Zaher, the former King of Afghanistan. The Emergency Loya Jirga shall decide on a Transitional Authority, including a broad-based transitional administration, to lead Afghanistan until such time as a fully representative government can be elected through free and fair elections to be held no later than two years from the date of the convening of the Emergency Loya Jirga.
- 5) The Interim Authority shall cease to exist once the Transitional Authority has been established by the Emergency Loya Jirga.
- 6) A Constitutional Loya Jirga shall be convened within eighteen months of the establishment of the Transitional Authority, in order to adopt a new constitution for Afghanistan. In order to assist the Constitutional Loya Jirga prepare the proposed Constitution, the Transitional Administration shall, within two months of its commencement and with the assistance of the United Nations, establish a Constitutional Commission.

II. Legal framework and judicial system

1) The following legal framework shall be applicable on an interim basis until the adoption of the new Constitution referred to above:

- i) The Constitution of 1964, a/ to the extent that its provisions are not inconsistent with those contained in this agreement, and b/ with the exception of those provisions relating to the monarchy and to the executive and legislative bodies provided in the Constitution; and
- ii) existing laws and regulations, to the extent that they are not inconsistent with this agreement or with international legal obligations to which Afghanistan is a party, or with those applicable provisions contained in the Constitution of 1964, provided that the Interim Authority shall have the power to repeal or amend those laws and regulations.

2) The judicial power of Afghanistan shall be independent and shall be vested in a Supreme Court of Afghanistan, and such other courts as may be established by the Interim Administration. The Interim Administration shall establish, with the assistance of the United Nations, a Judicial Commission to rebuild the domestic justice system in accordance with Islamic principles, international standards, the rule of law and Afghan legal traditions.

III. Interim Administration

A. *Composition*

1) The Interim Administration shall be composed of a Chairman, five Vice Chairmen and 24 other members. Each member, except the Chairman, may head a department of the Interim Administration.

2) The participants in the UN Talks on Afghanistan have invited His Majesty Mohammed Zaher, the former King of Afghanistan, to chair the Interim Administration. His Majesty has indicated that he would prefer that a suitable candidate acceptable to the participants be selected as the Chair of the Interim Administration.

3) The Chairman, the Vice Chairmen and other members of the Interim Administration have been selected by the participants in the UN Talks on Afghanistan, as listed in Annex IV to this agreement. The selection has been made on the basis of professional competence and personal integrity from lists submitted by the participants in the UN Talks, with due regard to the ethnic, geographic and religious composition of Afghanistan and to the importance of the participation of women.

4) No person serving as a member of the Interim Administration may simultaneously hold membership of the Special Independent Commission for the Convening of the Emergency Loya Jirga.

B. Procedures

- 1) The Chairman of the Interim Administration, or in his/her absence one of the Vice Chairmen, shall call and chair meetings and propose the agenda for these meetings.
- 2) The Interim Administration shall endeavor to reach its decisions by consensus. In order for any decision to be taken, at least 22 members must be in attendance. If a vote becomes necessary, decisions shall be taken by a majority of the members present and voting, unless otherwise stipulated in this agreement. The Chairman shall cast the deciding vote in the event that the members are divided equally.

C. Functions

- 1) The Interim Administration shall be entrusted with the day-to-day conduct of the affairs of state, and shall have the right to issue decrees for the peace, order and good government of Afghanistan.
- 2) The Chairman of the Interim Administration or, in his/her absence, one of the Vice Chairmen, shall represent the Interim Administration as appropriate.
- 3) Those members responsible for the administration of individual departments shall also be responsible for implementing the policies of the Interim Administration within their areas of responsibility.
- 4) Upon the official transfer of power, the Interim Administration shall have full jurisdiction over the printing and delivery of the national currency and special drawing rights from international financial institutions. The Interim Administration shall establish, with the assistance of the United Nations, a Central Bank of Afghanistan that will regulate the money supply of the country through transparent and accountable procedures.
- 5) The Interim Administration shall establish, with the assistance of the United Nations, an independent Civil Service Commission to provide the Interim Authority and the future Transitional Authority with shortlists of candidates for key posts in the administrative departments, as well as those of governors and uluswals, in order to ensure their competence and integrity.
- 6) The Interim Administration shall, with the assistance of the United Nations, establish an independent Human Rights Commission, whose responsibilities will include human rights monitoring, investigation of violations of human rights, and development of domestic human rights institutions. The Interim Administration may, with the assistance of the United Nations, also establish any other commissions to review matters not covered in this agreement.
- 7) The members of the Interim Administration shall abide by a Code of Conduct elaborated in accordance with international standards.

8) Failure by a member of the Interim Administration to abide by the provisions of the Code of Conduct shall lead to his/her suspension from that body. The decision to suspend a member shall be taken by a two-thirds majority of the membership of the Interim Administration on the proposal of its Chairman or any of its Vice Chairmen.

9) The functions and powers of members of the Interim Administration will be further elaborated, as appropriate, with the assistance of the United Nations.

IV. The Special Independent Commission for the Convening of the Emergency Loya Jirga

1) The Special Independent Commission for the Convening of the Emergency Loya Jirga shall be established within one month of the establishment of the Interim Authority. The Special Independent Commission will consist of twenty-one members, a number of whom should have expertise in constitutional or customary law. The members will be selected from lists of candidates submitted by participants in the UN Talks on Afghanistan as well as Afghan professional and civil society groups. The United Nations will assist with the establishment and functioning of the commission and of a substantial secretariat.

2) The Special Independent Commission will have the final authority for determining the procedures for and the number of people who will participate in the Emergency Loya Jirga. The Special Independent Commission will draft rules and procedures specifying (i) criteria for allocation of seats to the settled and nomadic population residing in the country; (ii) criteria for allocation of seats to the Afghan refugees living in Iran, Pakistan, and elsewhere, and Afghans from the diaspora; (iii) criteria for inclusion of civil society organizations and prominent individuals, including Islamic scholars, intellectuals, and traders, both within the country and in the diaspora. The Special Independent Commission will ensure that due attention is paid to the representation in the Emergency Loya Jirga of a significant number of women as well as all other segments of the Afghan population.

3) The Special Independent Commission will publish and disseminate the rules and procedures for the convening of the Emergency Loya Jirga at least ten weeks before the Emergency Loya Jirga convenes, together with the date for its commencement and its suggested location and duration.

4) The Special Independent Commission will adopt and implement procedures for monitoring the process of nomination of individuals to the Emergency Loya Jirga to ensure that the process of indirect election or selection is transparent and fair. To pre-empt conflict over nominations, the Special Independent Commission will specify mechanisms for filing of grievances and rules for arbitration of disputes.

5) The Emergency Loya Jirga will elect a Head of the State for the Transitional Administration and will approve proposals for the structure and key personnel of the Transitional Administration.

V. Final provisions

- 1) Upon the official transfer of power, all mujahidin, Afghan armed forces and armed groups in the country shall come under the command and control of the Interim Authority, and be reorganized according to the requirements of the new Afghan security and armed forces.
- 2) The Interim Authority and the Emergency Loya Jirga shall act in accordance with basic principles and provisions contained in international instruments on human rights and international humanitarian law to which Afghanistan is a party.
- 3) The Interim Authority shall cooperate with the international community in the fight against terrorism, drugs and organized crime. It shall commit itself to respect international law and maintain peaceful and friendly relations with neighboring countries and the rest of the international community.
- 4) The Interim Authority and the Special Independent Commission for the Convening of the Emergency Loya Jirga will ensure the participation of women as well as the equitable representation of all ethnic and religious communities in the Interim Administration and the Emergency Loya Jirga.
- 5) All actions taken by the Interim Authority shall be consistent with Security Council resolution 1378 (14 November 2001) and other relevant Security Council resolutions relating to Afghanistan.
- 6) Rules of procedure for the organs established under the Interim Authority will be elaborated as appropriate with the assistance of the United Nations.

This agreement, of which the annexes constitute an integral part, done in Bonn on this 5th day of December 2001 in the English language, shall be the authentic text, in a single copy which shall remain deposited in the archives of the United Nations. Official texts shall be provided in Dari and Pashto, and such other languages as the Special Representative of the Secretary-General may designate. The Special Representative of the Secretary-General shall send certified copies in English, Dari and Pashto to each of the participants.

* * *

ANNEX I

INTERNATIONAL SECURITY FORCE

1. The participants in the UN Talks on Afghanistan recognize that the responsibility for providing security and law and order throughout the country resides with the Afghans themselves. To this end, they pledge their commitment to do all within their means and influence to ensure such security, including for all United Nations and other personnel of international governmental and non-governmental organizations deployed in Afghanistan.
2. With this objective in mind, the participants request the assistance of the international community in helping the new Afghan authorities in the establishment and training of new Afghan security and armed forces.
3. Conscious that some time may be required for the new Afghan security and armed forces to be fully constituted and functioning, the participants in the UN Talks on Afghanistan request the United Nations Security Council to consider authorizing the early deployment to Afghanistan of a United Nations mandated force. This force will assist in the maintenance of security for Kabul and its surrounding areas. Such a force could, as appropriate, be progressively expanded to other urban centers and other areas.
4. The participants in the UN Talks on Afghanistan pledge to withdraw all military units from Kabul and other urban centers or other areas in which the UN mandated force is deployed. It would also be desirable if such a force were to assist in the rehabilitation of Afghanistan's infrastructure.

* * *

ANNEX II

ROLE OF THE UNITED NATIONS DURING THE INTERIM PERIOD

1. The Special Representative of the Secretary-General will be responsible for all aspects of the United Nations' work in Afghanistan.
2. The Special Representative shall monitor and assist in the implementation of all aspects of this agreement.
3. The United Nations shall advise the Interim Authority in establishing a politically neutral environment conducive to the holding of the Emergency Loya Jirga in free and fair conditions. The United Nations shall pay special attention to the conduct of those bodies and administrative departments which could directly influence the convening and outcome of the Emergency Loya Jirga.
4. The Special Representative of the Secretary-General or his/her delegate may be invited to attend the meetings of the Interim Administration and the Special Independent Commission on the Convening of the Emergency Loya Jirga.
5. If for whatever reason the Interim Administration or the Special Independent Commission were actively prevented from meeting or unable to reach a decision on a matter related to the convening of the Emergency Loya Jirga, the Special Representative of the Secretary-General shall, taking into account the views expressed in the Interim Administration or in the Special Independent Commission, use his/her good offices with a view to facilitating a resolution to the impasse or a decision.
6. The United Nations shall have the right to investigate human rights violations and, where necessary, recommend corrective action. It will also be responsible for the development and implementation of a program of human rights education to promote respect for and understanding of human rights.

* * *

ANNEX III

REQUEST TO THE UNITED NATIONS BY THE PARTICIPANTS AT THE UN TALKS ON AFGHANISTAN

The participants in the UN Talks on Afghanistan hereby

1. Request that the United Nations and the international community take the necessary measures to guarantee the national sovereignty, territorial integrity and unity of Afghanistan as well as the non-interference by foreign countries in Afghanistan's internal affairs;
2. Urge the United Nations, the international community, particularly donor countries and multilateral institutions, to reaffirm, strengthen and implement their commitment to assist with the rehabilitation, recovery and reconstruction of Afghanistan, in coordination with the Interim Authority;
3. Request the United Nations to conduct as soon as possible (i) a registration of voters in advance of the general elections that will be held upon the adoption of the new constitution by the constitutional Loya Jirga and (ii) a census of the population of Afghanistan.
4. Urge the United Nations and the international community, in recognition of the heroic role played by the mujahidin in protecting the independence of Afghanistan and the dignity of its people, to take the necessary measures, in coordination with the Interim Authority, to assist in the reintegration of the mujahidin into the new Afghan security and armed forces;
5. Invite the United Nations and the international community to create a fund to assist the families and other dependents of martyrs and victims of the war, as well as the war disabled;
6. Strongly urge that the United Nations, the international community and regional organizations cooperate with the Interim Authority to combat international terrorism, cultivation and trafficking of illicit drugs and provide Afghan farmers with financial, material and technical resources for alternative crop production.

* * *

ANNEX IV

COMPOSITION OF THE INTERIM ADMINISTRATION

Chairman:..... Hamid Karzai

Vice Chairmen:

Vice-Chair & Women's Affairs:..... Dr. Sima Samar
 Vice-Chair & Defence:..... Muhammad Qassem Fahim
 Vice-Chair & Planning:..... Haji Muhammad Mohaqqeq
 Vice-Chair & Water and Electricity:.....Shaker Kargar
 Vice-Chair & Finance:.....Hedayat Amin Arsala

Members:

Department of Foreign Affairs:.....Dr. Abdullah Abdullah
 Department of the Interior:.....Muhammad Yunus Qanooni
 Department of Commerce:.....Seyyed Mustafa Kazemi
 Department of Mines & Industries:.....Muhammad Alem Razm
 Department of Small Industries:.....Aref Noorzai
 Department of Information & Culture:.....Dr. Raheen Makhdoom
 Department of Communication:.....Ing. Abdul Rahim
 Department of Labour & Social Affairs:.. Mir Wais Sadeq
 Department of Hajj & Auqaf:..... Mohammad Hanif Hanif Balkhi
 Department of Martyrs & Disabled:.....Abdullah Wardak
 Department of Education:.....Abdul Rassoul Amin
 Department of Higher Education:.....Dr. Sharif Faez
 Department of Public Health:.....Dr. Suhaila Seddiqi
 Department of Public Works:.....Abdul Khaliq Fazal
 Department of Rural Development:.....Abdul Malik Anwar
 Department of Urban Development:.....Haji Abdul Qadir
 Department of Reconstruction:.....Amin Farhang
 Department of Transport:.....Sultan Hamid Sultan
 Department for the Return of Refugees:..Enayatullah Nazeri
 Department of Agriculture:.....Seyyed Hussein Anwari
 Department of Irrigation:.....Haji Mangal Hussein
 Department of Justice:.....Abdul Rahim Karimi
 Department of Air Transport & Tourism:..Abdul Rahman
 Department of Border Affairs:.....Amanullah Zadran

Appendix H Afghanistan Freedom Support Act

PL 107-327

An Act

To authorize economic and democratic development assistance for Afghanistan and to authorize military assistance for Afghanistan and certain other foreign countries.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS; DEFINITION.

(a) SHORT TITLE- This Act may be cited as the 'Afghanistan Freedom Support Act of 2002'.

(b) TABLE OF CONTENTS- The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents; definition.

TITLE I--ECONOMIC AND DEMOCRATIC DEVELOPMENT ASSISTANCE FOR AFGHANISTAN

Sec. 101. Declaration of policy.

Sec. 102. Purposes of assistance.

Sec. 103. Authorization of assistance.

Sec. 104. Coordination of assistance.

Sec. 105. Sense of Congress regarding promoting cooperation in opium producing areas.

Sec. 106. Administrative provisions.

Sec. 107. Relationship to other authority.

Sec. 108. Authorization of appropriations.

TITLE II--MILITARY ASSISTANCE FOR AFGHANISTAN AND CERTAIN OTHER FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

Sec. 201. Support for security during transition in Afghanistan.

Sec. 202. Authorization of assistance.

Sec. 203. Eligible foreign countries and eligible international organizations.

Sec. 204. Reimbursement for assistance.

Sec. 205. Congressional notification requirements.

Sec. 206. Promoting secure delivery of humanitarian and other assistance in Afghanistan and expansion of the International Security Assistance Force.

Sec. 207. Relationship to other authority.

Sec. 208. Sunset.

TITLE III--MISCELLANEOUS PROVISIONS

Sec. 301. Requirement to comply with procedures relating to the prohibition on assistance to drug traffickers.

Sec. 302. Sense of Congress regarding protecting Afghanistan's President.

Sec. 303. Donor contributions to Afghanistan and reports.

(c) DEFINITION- In this Act, the term 'Government of Afghanistan' includes--

- (1) the government of any political subdivision of Afghanistan; and
- (2) any agency or instrumentality of the Government of Afghanistan.

TITLE I--ECONOMIC AND DEMOCRATIC DEVELOPMENT ASSISTANCE FOR AFGHANISTAN

SEC. 101. DECLARATION OF POLICY.

Congress makes the following declarations:

- (1) The United States and the international community should support efforts that advance the development of democratic civil authorities and institutions in Afghanistan and the establishment of a new broad-based, multi-ethnic, gender-sensitive, and fully representative government in Afghanistan.
- (2) The United States, in particular, should provide its expertise to meet immediate humanitarian and refugee needs, fight the production and flow of illicit narcotics, and aid in the reconstruction of Afghanistan.
- (3) By promoting peace and security in Afghanistan and preventing a return to conflict, the United States and the international community can help ensure that Afghanistan does not again become a source for international terrorism.
- (4) The United States should support the objectives agreed to on December 5, 2001, in Bonn, Germany, regarding the provisional arrangement for Afghanistan as it moves toward the establishment of permanent institutions and, in particular, should work intensively toward ensuring the future neutrality of Afghanistan, establishing the principle that neighboring countries and other countries in the region do not threaten or interfere in one another's sovereignty, territorial integrity, or political independence, including supporting diplomatic initiatives to support this goal.
- (5) The special emergency situation in Afghanistan, which from the perspective of the American people combines security, humanitarian, political, law enforcement, and development imperatives, requires that the President should receive maximum flexibility in designing, coordinating, and administering efforts with respect to assistance for Afghanistan and that a temporary special program of such assistance should be established for this purpose.
- (6) To foster stability and democratization and to effectively eliminate the causes of terrorism, the United States and the international community should also support efforts that advance the development of democratic civil authorities and institutions in the broader Central Asia region.

SEC. 102. PURPOSES OF ASSISTANCE.

The purposes of assistance authorized by this title are--

- (1) to help assure the security of the United States and the world by reducing or eliminating the likelihood of violence against United States or allied forces in Afghanistan and to reduce the chance that Afghanistan will again be a source of international terrorism;
- (2) to support the continued efforts of the United States and the international community to address the humanitarian crisis in Afghanistan and among Afghan refugees in neighboring countries;

- (3) to fight the production and flow of illicit narcotics, to control the flow of precursor chemicals used in the production of heroin, and to enhance and bolster the capacities of Afghan governmental authorities to control poppy cultivation and related activities;
- (4) to help achieve a broad-based, multi-ethnic, gender-sensitive, and fully representative government in Afghanistan that is freely chosen by the people of Afghanistan and that respects the human rights of all Afghans, particularly women, including authorizing assistance for the rehabilitation and reconstruction of Afghanistan with a particular emphasis on meeting the educational, health, and sustenance needs of women and children to better enable their full participation in Afghan society;
- (5) to support the Government of Afghanistan in its development of the capacity to facilitate, organize, develop, and implement projects and activities that meet the needs of the Afghan people;
- (6) to foster the participation of civil society in the establishment of the new Afghan government in order to achieve a broad-based, multi-ethnic, gender-sensitive, fully representative government freely chosen by the Afghan people, without prejudice to any decisions which may be freely taken by the Afghan people about the precise form in which their government is to be organized in the future;
- (7) to support the reconstruction of Afghanistan through, among other things, programs that create jobs, facilitate clearance of landmines, and rebuild the agriculture sector, the health care system, and the educational system of Afghanistan;
- (8) to provide resources to the Ministry for Women's Affairs of Afghanistan to carry out its responsibilities for legal advocacy, education, vocational training, and women's health programs; and
- (9) to foster the growth of a pluralistic society that promotes and respects religious freedom.

SEC. 103. AUTHORIZATION OF ASSISTANCE.

- (a) IN GENERAL- Notwithstanding section 512 of Public Law 107-115 or any other similar provision of law, the President is authorized to provide assistance for Afghanistan for the following activities:
 - (1) URGENT HUMANITARIAN NEEDS- To assist in meeting the urgent humanitarian needs of the people of Afghanistan, including assistance such as--
 - (A) emergency food, shelter, and medical assistance;
 - (B) clean drinking water and sanitation;
 - (C) preventative health care, including childhood vaccination, therapeutic feeding, maternal child health services, and infectious diseases surveillance and treatment;
 - (D) family tracing and reunification services; and
 - (E) clearance of landmines and other unexploded ordinance.
 - (2) REPATRIATION AND RESETTLEMENT OF REFUGEES AND INTERNALLY

DISPLACED PERSONS- To assist refugees and internally displaced persons as they return to their home communities in Afghanistan and to support their reintegration into those communities, including assistance such as--

- (A) assistance identified in paragraph (1);
- (B) assistance to communities, including those in neighboring countries, that have taken in large numbers of refugees in order to rehabilitate or expand social, health, and educational services that may have suffered as a result of the influx of large numbers of refugees;
- (C) assistance to international organizations and host governments in maintaining security by screening refugees to ensure the exclusion of armed combatants, members of foreign terrorist organizations, and other individuals not eligible for economic assistance from the United States; and
- (D) assistance for voluntary refugee repatriation and reintegration inside Afghanistan and continued assistance to those refugees who are unable or unwilling to return, and humanitarian assistance to internally displaced persons, including those persons who need assistance to return to their homes, through the United Nations High Commissioner for Refugees and other organizations charged with providing such assistance.

(3) COUNTERNARCOTICS EFFORTS- (A) To assist in the eradication of poppy cultivation, the disruption of heroin production, and the reduction of the overall supply and demand for illicit narcotics in Afghanistan and the region, with particular emphasis on assistance to--

- (i) eradicate opium poppy, establish crop substitution programs, purchase nonopium products from farmers in opium-growing areas, quick-impact public works programs to divert labor from narcotics production, develop projects directed specifically at narcotics production, processing, or trafficking areas to provide incentives to cooperation in narcotics suppression activities, and related programs;
- (ii) establish or provide assistance to one or more entities within the Government of Afghanistan, including the Afghan State High Commission for Drug Control, and to provide training and equipment for the entities, to help enforce counternarcotics laws in Afghanistan and limit illicit narcotics growth, production, and trafficking in Afghanistan;
- (iii) train and provide equipment for customs, police, and other border control entities in Afghanistan and the region relating to illicit narcotics interdiction and relating to precursor chemical controls and interdiction to help disrupt heroin production in Afghanistan and the region;
- (iv) continue the annual opium crop survey and strategic studies on opium crop planting and farming in Afghanistan; and
- (v) reduce demand for illicit narcotics among the people of Afghanistan, including refugees returning to Afghanistan.

(B) For each of the fiscal years 2003 through 2006, \$15,000,000 is authorized to be

appropriated to the President to be made available for a contribution to the United Nations Drug Control Program for the purpose of carrying out activities described in clauses (i) through (v) of subparagraph (A). Amounts made available under the preceding sentence are in addition to amounts otherwise available for such purposes.

(4) REESTABLISHMENT OF FOOD SECURITY, REHABILITATION OF THE AGRICULTURE SECTOR, IMPROVEMENT IN HEALTH CONDITIONS, AND THE RECONSTRUCTION OF BASIC INFRASTRUCTURE- To assist in expanding access to markets in Afghanistan, to increase the availability of food in markets in Afghanistan, to rehabilitate the agriculture sector in Afghanistan by creating jobs for former combatants, returning refugees, and internally displaced persons, to improve health conditions, and assist in the rebuilding of basic infrastructure in Afghanistan, including assistance such as--

- (A) rehabilitation of the agricultural infrastructure, including irrigation systems and rural roads;
- (B) extension of credit;
- (C) provision of critical agricultural inputs, such as seeds, tools, and fertilizer, and strengthening of seed multiplication, certification, and distribution systems;
- (D) improvement in the quantity and quality of water available through, among other things, rehabilitation of existing irrigation systems and the development of local capacity to manage irrigation systems;
- (E) livestock rehabilitation through market development and other mechanisms to distribute stocks to replace those stocks lost as a result of conflict or drought;
- (F) mine awareness and demining programs and programs to assist mine victims, war orphans, and widows;
- (G) programs relating to infant and young child feeding, immunizations, vitamin A supplementation, and prevention and treatment of diarrheal diseases and respiratory infections;
- (H) programs to improve maternal and child health and reduce maternal and child mortality;
- (I) programs to improve hygienic and sanitation practices and for the prevention and treatment of infectious diseases, such as tuberculosis and malaria;
- (J) programs to reconstitute the delivery of health care, including the reconstruction of health clinics or other basic health infrastructure, with particular emphasis on health care for children who are orphans;
- (K) programs for housing (including repairing homes damaged during military operations), rebuilding urban infrastructure, and supporting basic urban services; and
- (L) disarmament, demobilization, and reintegration of armed combatants into society, particularly child soldiers.

(5) REESTABLISHMENT OF AFGHANISTAN AS A VIABLE NATION-STATE- (A) To assist in the development of the capacity of the Government of Afghanistan to meet the needs of the people of Afghanistan through, among other things, support for the development and expansion of democratic and market-based institutions, including

assistance such as--

- (i) support for international organizations that provide civil advisers to the Government of Afghanistan;
- (ii) support for an educated citizenry through improved access to basic education, with particular emphasis on basic education for children who are orphans, with particular emphasis on basic education for children;
- (iii) programs to enable the Government of Afghanistan to recruit and train teachers, with special focus on the recruitment and training of female teachers;
- (iv) programs to enable the Government of Afghanistan to develop school curriculum that incorporates relevant information such as landmine awareness, food security and agricultural education, human rights awareness, including religious freedom, and civic education;
- (v) support for the activities of the Government of Afghanistan to draft a new constitution, other legal frameworks, and other initiatives to promote the rule of law in Afghanistan, including the recognition of religious freedom in the constitution and other legal frameworks;
- (vi) support to increase the transparency, accountability, and participatory nature of governmental institutions, including programs designed to combat corruption and other programs for the promotion of good governance;
- (vii) support for an independent media;
- (viii) programs that support the expanded participation of women and members of all ethnic groups in government at national, regional, and local levels;
- (ix) programs to strengthen civil society organizations that promote human rights, including religious freedom, freedom of expression, and freedom of association, and support human rights monitoring;
- (x) support for Afghan and international efforts to investigate human rights atrocities committed in Afghanistan by the Taliban regime, opponents of such regime, and terrorist groups operating in Afghanistan, including the collection of forensic evidence relating to such atrocities;
- (xi) support for national, regional, and local elections and political party development;
- (xii) support for the effective administration of justice at the national, regional, and local levels, including the establishment of a responsible and community-based police force;
- (xiii) support for establishment of a central bank and central budgeting authority; and
- (xiv) assistance in identifying and surveying key road and rail routes essential for economic renewal in Afghanistan and the region, support in reconstructing those routes, and support for the establishment of a customs service and training for customs officers.

(B) For each of the fiscal years 2003 through 2005, \$10,000,000 is authorized to be appropriated to the President to be made available for the purposes of carrying out a traditional Afghan assembly or 'Loya Jirga' and for support for national, regional, and

local elections and political party development under subparagraph (A)(xi).

(6) MARKET ECONOMY- To support the establishment of a market economy, the establishment of private financial institutions, the adoption of policies to promote foreign direct investment, the development of a basic telecommunication infrastructure, and the development of trade and other commercial links with countries in the region and with the United States, including policies to--

- (A) encourage the return of Afghanistan citizens or nationals living abroad who have marketable and business-related skills;
- (B) establish financial institutions, including credit unions, cooperatives, and other entities providing microenterprise credits and other income-generation programs for the poor, with particular emphasis on women;
- (C) facilitate expanded trade with countries in the region;
- (D) promote and foster respect for basic workers' rights and protections against exploitation of child labor;
- (E) develop handicraft and other small-scale industries; and
- (F) provide financing programs for the reconstruction of Kabul and other major cities in Afghanistan.

(7) ASSISTANCE TO WOMEN AND GIRLS-

(A) ASSISTANCE OBJECTIVES- To assist women and girls in Afghanistan in the areas of political and human rights, health care, education, training, security, and shelter, with particular emphasis on assistance--

- (i) to support construction of, provide equipment and medical supplies to, and otherwise facilitate the establishment and rehabilitation of, health care facilities in order to improve the health care of women, children, and infants;
- (ii) to expand immunization programs for women and children;
- (iii) to establish, maintain, and expand primary and secondary schools for girls that include mathematics, science, and languages in their primary curriculum;
- (iv) to develop and expand technical and vocational training programs and income-generation projects for women;
- (v) to provide special educational opportunities for girls whose schooling was ended by the Taliban, and to support the ability of women to have access to higher education;
- (vi) to develop and implement programs to protect women and girls against sexual and physical abuse, abduction, trafficking, exploitation, and sex discrimination in the delivery of humanitarian supplies and services;
- (vii) to provide emergency shelters for women and girls who face danger from violence;
- (viii) to direct humanitarian assistance to widows, who make up a very large and needy population in war-torn Afghanistan;
- (ix) to support the work of women-led and local nongovernmental

organizations with demonstrated experience in delivering services to Afghan women and children;

(x) to disseminate information throughout Afghanistan on the rights of women and on international standards of human rights, including the rights of religious freedom, freedom of expression, and freedom of association;

(xi) to provide women's rights and human rights training for military, police, and legal personnel; and

(xii) to support the National Human Rights Commission in programs to promote women's rights and human rights, including the rights of religious freedom, freedom of expression, and freedom of association, and in the investigation and monitoring of women's rights and human rights abuses.

(B) AVAILABILITY OF FUNDS- For each of the fiscal years 2003 through 2006--

(i) \$15,000,000 is authorized to be appropriated to the President to be made available to the Afghan Ministry of Women's Affairs; and

(ii) \$5,000,000 is authorized to be appropriated to the President to be made available to the National Human Rights Commission of Afghanistan.

(C) RELATION TO OTHER AVAILABLE FUNDS- Amounts made available under subparagraph (B) are in addition to amounts otherwise available for such purposes.

(b) LIMITATION-

(1) IN GENERAL- Amounts made available to carry out this title (except amounts made available for assistance under paragraphs (1) through (3) and subparagraphs (F) through (I) of paragraph (4) of subsection (a)) may be provided only if the President first determines and certifies to Congress with respect to the fiscal year involved that progress is being made toward adopting a constitution and establishing a democratically elected government for Afghanistan that respects human rights.

(2) WAIVER-

(A) IN GENERAL- The President may waive the application of paragraph (1) if the President first determines and certifies to Congress that it is important to the national interest of the United States to do so.

(B) CONTENTS OF CERTIFICATION- A certification transmitted to Congress under subparagraph (A) shall include a written explanation of the basis for the determination of the President to waive the application of paragraph (1).

(c) ENTERPRISE FUND-

(1) AUTHORIZATION OF APPROPRIATIONS- In addition to funds otherwise available for such purpose, there are authorized to be appropriated to the President for an enterprise fund for Afghanistan \$300,000,000. The provisions contained in section 201 of the Support for East European Democracy

(SEED) Act of 1989 (excluding the authorizations of appropriations provided in subsection (b) of that section) shall apply with respect to such enterprise fund and to funds made available to such enterprise fund under this subsection.

(2) AVAILABILITY OF FUNDS- Amounts appropriated pursuant to paragraph (1) are authorized to remain available until expended.

SEC. 104. COORDINATION OF ASSISTANCE.

(a) IN GENERAL- The President is strongly urged to designate, within the Department of State, a coordinator who shall be responsible for--

- (1) designing an overall strategy to advance United States interests in Afghanistan;
- (2) ensuring program and policy coordination among agencies of the United States Government in carrying out the policies set forth in this title;
- (3) pursuing coordination with other countries and international organizations with respect to assistance to Afghanistan;
- (4) ensuring that United States assistance programs for Afghanistan are consistent with this title;
- (5) ensuring proper management, implementation, and oversight by agencies responsible for assistance programs for Afghanistan; and
- (6) resolving policy and program disputes among United States Government agencies with respect to United States assistance for Afghanistan.

(b) RANK AND STATUS OF THE COORDINATOR- The coordinator designated under subsection (a) shall have the rank and status of ambassador.

SEC. 105. SENSE OF CONGRESS REGARDING PROMOTING COOPERATION IN OPIUM PRODUCING AREAS.

It is the sense of Congress that the President should--

- (1) to the extent practicable, under such procedures as the President may prescribe, withhold United States bilateral assistance from, and oppose multilateral assistance to, opium-producing areas of Afghanistan if, within such areas, appropriate cooperation is not provided to the United States, the Government of Afghanistan, and international organizations with respect to the suppression of narcotics cultivation and trafficking, and if withholding such assistance would promote such cooperation;
- (2) redistribute any United States bilateral assistance (and to promote the redistribution of any multilateral assistance) withheld from an opium-producing area to other areas with respect to which assistance has not been withheld as a consequence of this section; and
- (3) define or redefine the boundaries of opium producing areas of Afghanistan for the purposes of this section.

SEC. 106. ADMINISTRATIVE PROVISIONS.

(a) APPLICABLE ADMINISTRATIVE AUTHORITIES- Except to the extent inconsistent with the provisions of this title, the administrative authorities under chapters 1 and 2 of part III of the Foreign Assistance Act of 1961 shall apply to the provision of assistance under this title to the same extent and in the same manner as such authorities apply to

the provision of economic assistance under part I of such Act.

(b) **USE OF THE EXPERTISE OF AFGHAN-AMERICANS-** In providing assistance authorized by this title, the President should--

(1) maximize the use, to the extent feasible, of the services of Afghan-Americans who have expertise in the areas for which assistance is authorized by this title; and

(2) in the awarding of contracts and grants to implement activities authorized under this title, encourage the participation of such Afghan-Americans (including organizations employing a significant number of such Afghan-Americans).

(c) **DONATIONS OF MANUFACTURING EQUIPMENT; USE OF COLLEGES AND UNIVERSITIES-** In providing assistance authorized by this title, the President, to the maximum extent practicable, should--

(1) encourage the donation of appropriate excess or obsolete manufacturing and related equipment by United States businesses (including small businesses) for the reconstruction of Afghanistan; and

(2) utilize research conducted by United States colleges and universities and the technical expertise of professionals within those institutions, particularly in the areas of agriculture and rural development.

(d) **ADMINISTRATIVE EXPENSES-** Of the funds made available to carry out the purposes of assistance authorized by this title in any fiscal year, up to 7 percent may be used for administrative expenses of Federal departments and agencies in connection with the provision of such assistance.

(e) **MONITORING-**

(1) **COMPTROLLER GENERAL-** The Comptroller General shall monitor the provision of assistance under this title.

(2) **INSPECTOR GENERAL OF USAID-** The Inspector General of the United States Agency for International Development shall conduct audits, inspections, and other activities, as appropriate, associated with the expenditure of the funds to carry out this title.

(f) **PRIORITY FOR DIRECT ASSISTANCE TO THE GOVERNMENT OF AFGHANISTAN-** To the maximum extent practicable, assistance authorized under this title should be provided directly to the Government of Afghanistan (including any appropriate ministry thereof).

SEC. 107. RELATIONSHIP TO OTHER AUTHORITY.

The authority to provide assistance under this title is in addition to any other authority to provide assistance to the Government of Afghanistan.

SEC. 108. AUTHORIZATION OF APPROPRIATIONS.

(a) **IN GENERAL-** There is authorized to be appropriated to the President to carry out this title (other than section 103(c)) \$425,000,000 for each of the fiscal years 2003 through 2006.

(b) **AVAILABILITY-** Amounts appropriated pursuant to the authorization of appropriations under subsection (a) are--

- (1) authorized to remain available until expended; and
- (2) in addition to funds otherwise available for such purposes, including, with respect to food assistance under section 103(a)(1), funds available under title II of the Agricultural Trade Development and Assistance Act of 1954, the Food for Progress Act of 1985, and section 416(b) of the Agricultural Act of 1949.

TITLE II--MILITARY ASSISTANCE FOR AFGHANISTAN AND CERTAIN OTHER FOREIGN COUNTRIES AND INTERNATIONAL ORGANIZATIONS

SEC. 201. SUPPORT FOR SECURITY DURING TRANSITION IN AFGHANISTAN.

It is the sense of Congress that, during the transition to a broad-based, multi-ethnic, gender-sensitive, fully representative government in Afghanistan, the United States should support--

- (1) the development of a civilian-controlled and centrally-governed standing Afghanistan army that respects human rights and prohibits the use of children as soldiers or combatants;
- (2) the creation and training of a professional civilian police force that respects human rights; and
- (3) a multinational security force in Afghanistan.

SEC. 202. AUTHORIZATION OF ASSISTANCE.

(a) DRAWDOWN AUTHORITY-

(1) **IN GENERAL-** The President is authorized to exercise his authorities under section 506 of the Foreign Assistance Act of 1961 (22 U.S.C. 2318) to direct the drawdown of defense articles, defense services, and military education and training--

- (A) for the Government of Afghanistan, in accordance with this section; and
- (B) for eligible foreign countries, and eligible international organizations, in accordance with this section and sections 203 and 205.

(2) **AUTHORITY TO ACQUIRE BY CONTRACT OR OTHERWISE-** The assistance authorized under paragraph (1) may include the supply of defense articles, defense services, counter-narcotics, crime control and police training services, other support, and military education and training that are acquired by contract or otherwise.

(b) **AMOUNT OF ASSISTANCE-** The aggregate value (as defined in section 644(m) of the Foreign Assistance Act of 1961) of assistance provided under subsection (a) may not exceed \$300,000,000, except that such limitation shall be increased by any amounts appropriated pursuant to the authorization of appropriations in section 204(b) (1) and shall not count toward any limitation contained in section 506 of the Foreign Assistance Act of 1961 (22 U.S.C. 2318).

SEC. 203. ELIGIBLE FOREIGN COUNTRIES AND ELIGIBLE INTERNATIONAL ORGANIZATIONS.

(a) **IN GENERAL-** Except as provided in subsection (b), a foreign country or international organization shall be eligible to receive assistance under section 202 if--

(1) such country or organization is participating in military, peacekeeping, or policing operations in Afghanistan aimed at restoring or maintaining peace and security in that country; and

(2) such assistance is provided specifically for such operations in Afghanistan.

(b) EXCEPTION- No country the government of which has been determined by the Secretary of State to have repeatedly engaged in gross violations of human rights, or provided support for acts of international terrorism under section 620A of the Foreign Assistance Act of 1961 (22 U.S.C. 2371), section 6(j)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)), or section 40(d) of the Arms Export Control Act (22 U.S.C. 2780(d)) shall be eligible to receive assistance under section 202.

SEC. 204. REIMBURSEMENT FOR ASSISTANCE.

(a) IN GENERAL- Defense articles, defense services, and military education and training provided under section 202(a)(2) shall be made available without reimbursement to the Department of Defense except to the extent that funds are appropriated pursuant to the authorization of appropriations in subsection (b)(1).

(b) AUTHORIZATION OF APPROPRIATIONS-

(1) IN GENERAL- There are authorized to be appropriated to the President such sums as may be necessary to reimburse the applicable appropriation, fund, or account for the value (as defined in section 644(m) of the Foreign Assistance Act of 1961) of defense articles, defense services, or military education and training provided under section 202(a)(2).

(2) AVAILABILITY- Amounts appropriated pursuant to the authorization of appropriations under paragraph (1) are in addition to amounts otherwise available for the purposes described in this title.

SEC. 205. CONGRESSIONAL NOTIFICATION REQUIREMENTS.

(a) AUTHORITY- The President may provide assistance under this title to any eligible foreign country or eligible international organization if the President determines that such assistance is important to the national security interest of the United States and notifies the Committee on International Relations and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of such determination at least 15 days in advance of providing such assistance.

(b) NOTIFICATION- The report described in subsection (a) shall be submitted in classified and unclassified form and shall include information relating to the type and amount of assistance proposed to be provided and the actions that the proposed recipient of such assistance has taken or has committed to take.

SEC. 206. PROMOTING SECURE DELIVERY OF HUMANITARIAN AND OTHER ASSISTANCE IN AFGHANISTAN AND EXPANSION OF THE INTERNATIONAL SECURITY ASSISTANCE FORCE.

(a) FINDINGS- Congress finds the following:

(1) The President has declared his view that the United States should provide significant assistance to Afghanistan so that it is no longer a haven for terrorism.

(2) The delivery of humanitarian and reconstruction assistance from the

international community is necessary for the safe return of refugees and is critical to the future stability of Afghanistan.

(3) Enhanced stability in Afghanistan through an improved security environment is critical to the functioning of the Government of Afghanistan and the traditional Afghan assembly or 'Loya Jirga' process, which is intended to lead to a permanent national government in Afghanistan, and also is essential for the participation of women in Afghan society.

(4) Incidents of violence between armed factions and local and regional commanders, and serious abuses of human rights, including attacks on women and ethnic minorities throughout Afghanistan, create an insecure, volatile, and unsafe environment in parts of Afghanistan, displacing thousands of Afghan civilians from their local communities.

(5)(A) On July 6, Vice President Haji Abdul Qadir was assassinated in Kabul by unknown assailants.

(B) On September 5, 2002, a car bomb exploded in Kabul killing 32 and injuring 150 and on the same day a member of Kandahar Governor Sherzai's security team attempted to assassinate President Karzai.

(6) The violence and lawlessness may jeopardize the 'Loya Jirga' process, undermine efforts to build a strong central government, severely impede reconstruction and the delivery of humanitarian assistance, and increase the likelihood that parts of Afghanistan will once again become safe havens for al-Qaida, Taliban forces, and drug traffickers.

(7) The lack of security and lawlessness may also perpetuate the need for United States Armed Forces in Afghanistan and threaten the ability of the United States to meet its military objectives.

(8) The International Security Assistance Force in Afghanistan, currently led by Turkey, and composed of forces from other willing countries without the participation of United States Armed Forces, is deployed only in Kabul and currently does not have the mandate or the capacity to provide security to other parts of Afghanistan.

(9) Due to the ongoing military campaign in Afghanistan, the United States does not contribute troops to the International Security Assistance Force but has provided support to other countries that are doing so.

(10) The United States is providing political, financial, training, and other assistance to the Afghan Interim Authority as it begins to build a national army and police force to help provide security throughout Afghanistan, but this effort is not meeting the immediate security needs of Afghanistan.

(11) Because of these immediate security needs, the Government of Afghanistan, its President, Hamid Karzai, and many Afghan regional leaders have called for the International Security Assistance Force, which has successfully brought stability to Kabul, to be expanded and deployed throughout the country, and this request has been strongly supported by a wide range of international humanitarian organizations, including the International Committee

of the Red Cross, Catholic Relief Services, and Refugees International.

(b) STATEMENT OF POLICY- It should be the policy of the United States to support measures to help meet the immediate security needs of Afghanistan in order to promote safe and effective delivery of humanitarian and other assistance throughout Afghanistan, further the rule of law and civil order, and support the formation of a functioning, representative Afghan national government.

(c) IMPLEMENTATION OF STRATEGY-

(1) INITIAL REPORT- Not later than 60 days after the date of the enactment of this Act, the President shall provide the Committee on International Relations and the Committee on Appropriations of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate with--

(A) a strategy for meeting the immediate and long-term security needs of Afghanistan in order to promote safe and effective delivery of humanitarian and other assistance throughout Afghanistan, further the rule of law and civil order, and support the formation of a functioning, representative Afghan national government, including an update to the strategies submitted pursuant to Public Law 107-206; and

(B) a description of the progress of the Government of Afghanistan toward the eradication of poppy cultivation, the disruption of heroin production, and the reduction of the overall supply and demand for illicit narcotics in Afghanistan in accordance with the provisions of this Act.

(2) IMPLEMENTATION OF STRATEGY- Every 6 months after the enactment of this Act through January 1, 2007, the President shall submit to the congressional committees specified in paragraph (1) a report on the implementation of the strategies for meeting the immediate and long-term security needs of Afghanistan, which shall include the following elements--

(A) since the previous report, the progress in recruiting, training, and deploying an Afghan National Army and police force, including the numbers and ethnic composition of recruits; the number of graduates from military and police training; the numbers of graduates retained by the Afghan National Army and police forces since the previous report; the numbers of graduates operationally deployed and to which areas of the country; the degree to which these graduates are assuming security responsibilities; whether Afghan army and police units are establishing effective central governmental authority over areas of the country, and which areas; and the numbers of instances of armed attacks against Afghan central governmental officials, United States or international officials, troops or aid workers, or between the armed forces of regional leaders;

(B) the degree to which armed regional leaders are cooperating and integrating with the central government, providing security and order within their regions of influence, engaging in armed conflict or other

forms of competition that are deleterious to peace, security, and the integration of a unified Afghanistan under the central government;

(C) the amount of humanitarian relief provided since the previous report to returnees, isolated populations and other vulnerable groups, as well as demining assistance and landmine survivors rehabilitation; and the numbers of such persons not assisted since the previous report;

(D) the steps taken since the previous report toward national reconstruction, including establishment of the ministries and other institutions of the Government of Afghanistan;

(E) the numbers of Civil Affairs Teams working with regional leaders, as well as the quick impact infrastructure projects undertaken by such teams since the previous report;

(F) efforts undertaken since the previous report to rebuild the justice sector, including the establishment of a functioning judiciary, a competent bar, reintegration of women legal professionals and a reliable penal system, and the respect for human rights; and

(G) a description of the progress of the Government of Afghanistan with respect to the matters described in paragraph (1)(B).

(d) EXPANSION OF THE INTERNATIONAL SECURITY ASSISTANCE FORCE-

(1) SENSE OF CONGRESS- Congress urges the President, in order to fulfill the objective of establishing security in Afghanistan, to take all appropriate measures to assist Afghanistan in establishing a secure environment throughout the country, including by--

(A) sponsoring in the United Nations Security Council a resolution authorizing an expansion of the International Security Assistance Force, or the establishment of a similar security force; and

(B) enlisting the European and other allies of the United States to provide forces for an expansion of the International Security Assistance Force in Afghanistan, or the establishment of a similar security force.

(2) AUTHORIZATION OF APPROPRIATIONS- (A) There is authorized to be appropriated to the President \$500,000,000 for each of fiscal years 2003 and 2004 to support the International Security Assistance Force or the establishment of a similar security force.

(B) Amounts made available under subparagraph (A) may be appropriated pursuant to chapter 4 of part II of the Foreign Assistance Act of 1961, section 551 of such Act, or section 23 of the Arms Export Control Act.

(C) Funds appropriated pursuant to subparagraph (A) shall be subject to the notification requirements under section 634A of the Foreign Assistance Act of 1961.

SEC. 207. RELATIONSHIP TO OTHER AUTHORITY.

(a) ADDITIONAL AUTHORITY- The authority to provide assistance under this title is in addition to any other authority to provide assistance to the Government of Afghanistan.

(b) LAWS RESTRICTING AUTHORITY- Assistance under this title to the Government of Afghanistan may be provided notwithstanding section 512 of Public Law 107-115 or any similar provision of law.

SEC. 208. SUNSET.

The authority of this title shall expire after September 30, 2006.

TITLE III--MISCELLANEOUS PROVISIONS

SEC. 301. REQUIREMENT TO COMPLY WITH PROCEDURES RELATING TO THE PROHIBITION ON ASSISTANCE TO DRUG TRAFFICKERS.

Assistance provided under this Act shall be subject to the same provisions as are applicable to assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act under section 487 of the Foreign Assistance Act of 1961 (relating to the prohibition on assistance to drug traffickers; 22 U.S.C. 2291f), and the applicable regulations issued under that section.

SEC. 302. SENSE OF CONGRESS REGARDING PROTECTING AFGHANISTAN'S PRESIDENT.

It is the sense of Congress that--

- (1) any United States physical protection force provided for the personal security of the President of Afghanistan should be composed of United States diplomatic security, law-enforcement, or military personnel, and should not utilize private contracted personnel to provide actual physical protection services;
- (2) United States allies should be invited to volunteer active-duty military or law enforcement personnel to participate in such a protection force; and
- (3) such a protection force should be limited in duration and should be succeeded by qualified Afghan security forces as soon as practicable.

SEC. 303. DONOR CONTRIBUTIONS TO AFGHANISTAN AND REPORTS.

(a) FINDINGS- The Congress finds that inadequate amounts of international assistance promised by donor states at the Tokyo donors conference and elsewhere have been delivered to Afghanistan, imperiling the rebuilding and development of civil society and infrastructure, and endangering peace and security in that war-torn country.

(b) SENSE OF CONGRESS- It is the sense of Congress that the United States should use all appropriate diplomatic means to encourage all states that have pledged assistance to Afghanistan to deliver as soon as possible the total amount of assistance pledged.

(c) REPORTS-

- (1) IN GENERAL- The Secretary of State shall submit reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives, in accordance with this paragraph, on the status of contributions of assistance from donor states to Afghanistan. The first report shall be submitted not later than 60 days after the date of enactment of this Act, the second report shall be submitted 90 days thereafter, and subsequent reports shall be submitted every 180 days thereafter through December 31, 2004.

(2) FURTHER REQUIREMENTS- Each report, which shall be unclassified and posted upon the Department of State's Internet website, shall include, by donor country, the total amount pledged, the amount delivered within the previous 60 days, the total amount of assistance delivered, the type of assistance and type of projects supported by the assistance.

Appendix I The Afghanistan Compact

The Islamic Republic of Afghanistan and the international community:

Determined to strengthen their partnership to improve the lives of Afghan people, and to contribute to national, regional, and global peace and security;

Affirming their shared commitment to continue, in the spirit of the Bonn, Tokyo and Berlin conferences, to work toward a stable and prosperous Afghanistan, with good governance and human rights protection for all under the rule of law, and to maintain and strengthen that commitment over the term of this Compact and beyond;

Recognizing the courage and determination of Afghans who, by defying violent extremism and hardship, have laid the foundations for a democratic, peaceful, pluralistic and prosperous state based on the principles of Islam;

Noting the full implementation of the Bonn Agreement through the adoption of a new constitution in January 2004, and the holding of presidential elections in October 2004 and National Assembly and Provincial Council elections in September 2005, which have enabled Afghanistan to regain its rightful place in the international community;

Mindful that Afghanistan's transition to peace and stability is not yet assured, and that strong international engagement will continue to be required to address remaining challenges;

Resolved to overcome the legacy of conflict in Afghanistan by setting conditions for sustainable economic growth and development; strengthening state institutions and civil society; removing remaining terrorist threats; meeting the challenge of counter-narcotics; rebuilding capacity and infrastructure; reducing poverty; and meeting basic human needs;

Have agreed to this Afghanistan Compact.

PURPOSE

The Afghan Government has articulated its overarching goals for the well-being of its people in the Afghanistan Millennium Development Goals Country Report 2005 – Vision 2020. Consistent with those goals, this Compact identifies three critical and interdependent areas or pillars of activity for the five years from the adoption of this Compact:

1. Security;
2. Governance, Rule of Law and Human Rights; and
3. Economic and Social Development.

A further vital and cross-cutting area of work is eliminating the narcotics industry, which remains a formidable threat to the people and state of Afghanistan, the region and beyond.

The Afghan Government hereby commits itself to realizing this shared vision of the future; the international community, in turn, commits itself to provide resources and support to realize that vision. Annex I of this Compact sets out detailed outcomes, benchmarks and timelines for delivery, consistent with the high-level goals set by the Afghanistan National Development Strategy (ANDS). The Government and international community also commit

themselves to improve the effectiveness and accountability of international assistance as set forth in Annex II.

PRINCIPLES OF COOPERATION

As the Afghan Government and the international community embark on the implementation of this Compact, they will:

1. Respect the pluralistic culture, values and history of Afghanistan, based on Islam;
2. Work on the basis of partnership between the Afghan Government, with its sovereign responsibilities, and the international community, with a central and impartial coordinating role for the United Nations;
3. Engage further the deep-seated traditions of participation and aspiration to ownership of the Afghan people;
4. Pursue fiscal, institutional and environmental sustainability;
5. Build lasting Afghan capacity and effective state and civil society institutions, with particular emphasis on building up human capacities of men and women alike;
6. Ensure balanced and fair allocation of domestic and international resources in order to offer all parts of the country tangible prospects of well-being;
7. Recognize in all policies and programs that men and women have equal rights and responsibilities;
8. Promote regional cooperation; and
9. Combat corruption and ensure public transparency and accountability.

SECURITY

Genuine security remains a fundamental prerequisite for achieving stability and development in Afghanistan. Security cannot be provided by military means alone. It requires good governance, justice and the rule of law, reinforced by reconstruction and development. With the support of the international community, the Afghan Government will consolidate peace by disbanding all illegal armed groups. The Afghan Government and the international community will create a secure environment by strengthening Afghan institutions to meet the security needs of the country in a fiscally sustainable manner.

To that end, the NATO-led International Security Assistance Force (ISAF), the US-led Operation Enduring Freedom (OEF) and partner nations involved in security sector reform will continue to provide strong support to the Afghan Government in establishing and sustaining security and stability in Afghanistan, subject to participating states' national approval procedures. They will continue to strengthen and develop the capacity of the national security forces to ensure that they become fully functional. All OEF counter-terrorism operations will be conducted in close coordination with the Afghan Government and ISAF. ISAF will continue to expand its presence throughout Afghanistan, including through Provincial Reconstruction Teams (PRTs), and will continue to promote stability and support security sector reforms in its areas of operation.

Full respect for Afghanistan's sovereignty and strengthening dialogue and cooperation between Afghanistan and its neighbors constitute an essential guarantee of stability in Afghanistan and the region. The international community will support concrete confidence-building measures to this end.

GOVERNANCE, RULE OF LAW AND HUMAN RIGHTS

Democratic governance and the protection of human rights constitute the cornerstone of sustainable political progress in Afghanistan. The Afghan Government will rapidly expand its capacity to provide basic services to the population throughout the country. It will recruit competent and credible professionals to public service on the basis of merit; establish a more effective, accountable and transparent administration at all levels of Government; and implement measurable improvements in fighting corruption, upholding justice and the rule of law and promoting respect for the human rights of all Afghans.

The Afghan Government will give priority to the coordinated establishment in each province of functional institutions – including civil administration, police, prisons and judiciary. These institutions will have appropriate legal frameworks and appointment procedures; trained staff; and adequate remuneration, infrastructure and auditing capacity. The Government will establish a fiscally and institutionally sustainable administration for future elections under the supervision of the Afghanistan Independent Electoral Commission.

Reforming the justice system will be a priority for the Afghan Government and the international community. The aim will be to ensure equal, fair and transparent access to justice for all based upon written codes with fair trials and enforceable verdicts. Measures will include: completing legislative reforms for the public as well as the private sector; building the capacity of judicial institutions and personnel; promoting human rights and legal awareness; and rehabilitating judicial infrastructure.

The Afghan Government and the international community reaffirm their commitment to the protection and promotion of rights provided for in the Afghan constitution and under applicable international law, including the international human rights covenants and other instruments to which Afghanistan is party. With a view to rebuilding trust among those whose lives were shattered by war, reinforcing a shared sense of citizenship and a culture of tolerance, pluralism and observance of the rule of law, the Afghan Government with the support of the international community will implement the Action Plan on Peace, Justice and Reconciliation.

ECONOMIC AND SOCIAL DEVELOPMENT

The Afghan Government with the support of the international community will pursue high rates of sustainable economic growth with the aim of reducing hunger, poverty and unemployment. It will promote the role and potential of the private sector, alongside those of the public and non-profit sectors; curb the narcotics industry; ensure macroeconomic stability; restore and promote the development of the country's human, social and physical capital, thereby establishing a sound basis for a new generation of leaders and professionals; strengthen civil society; and complete the reintegration of returnees, internally displaced persons and ex-combatants.

Public investments will be structured around the six sectors of the pillar on economic and social development of the Afghanistan National Development Strategy:

1. Infrastructure and natural resources;
2. Education;
3. Health;
4. Agriculture and rural development;
5. Social protection; and
6. Economic governance and private sector development.

In each of these areas, the objective will be to achieve measurable results towards the goal of equitable economic growth that reduces poverty, expands employment and enterprise creation, enhances opportunities in the region and improves the well-being of all Afghans.

COUNTER-NARCOTICS – A CROSS-CUTTING PRIORITY

Meeting the threat that the narcotics industry poses to national, regional and international security as well as the development and governance of the country and the well-being of Afghans will be a priority for the Government and the international community. The aim will be to achieve a sustained and significant reduction in the production and trafficking of narcotics with a view to complete elimination. Essential elements include improved interdiction, law enforcement and judicial capacity building; enhanced cooperation among Afghanistan, neighboring countries and the international community on disrupting the drugs trade; wider provision of economic alternatives for farmers and laborers in the context of comprehensive rural development; and building national and provincial counter-narcotics institutions. It will also be crucial to enforce a zero-tolerance policy towards official corruption; to pursue eradication as appropriate; to reinforce the message that producing or trading opiates is both immoral and a violation of Islamic law; and to reduce the demand for the illicit use of opiates.

COORDINATION AND MONITORING

The Afghan Government and the international community are establishing a Joint Coordination and Monitoring Board for the implementation of the political commitments that comprise this Compact. As detailed in Annex III, this Board will be co-chaired by the Afghan Government and the United Nations and will be supported by a small secretariat. It will ensure greater coherence of efforts by the Afghan Government and international community to implement the Compact and provide regular and timely public reports on its execution.

ANNEX I BENCHMARKS AND TIMELINES

The Afghan Government, with the support of the international community, is committed to achieving the following benchmarks in accordance with the timelines specified.

SECURITY

International Security Forces

Through end-2010, with the support of and in close coordination with the Afghan Government, the NATO-led International Security Assistance Force (ISAF), Operation Enduring Freedom (OEF) and their respective Provincial Reconstruction Teams (PRTs) will promote security and stability in all regions of Afghanistan, including by strengthening Afghan capabilities.

Afghan National Army

By end-2010: A nationally respected, professional, ethnically balanced Afghan National Army will be fully established that is democratically accountable, organized, trained and equipped to meet the security needs of the country and increasingly funded from Government revenue, commensurate with the nation's economic capacity; the international community will continue to support Afghanistan in expanding the ANA towards the ceiling of 70,000 personnel articulated in the Bonn talks; and the pace of expansion is to be adjusted on the basis of periodic joint quality assessments by the Afghan Government and the international community against agreed criteria which take into account prevailing conditions.

Afghan National and Border Police

By end-2010, a fully constituted, professional, functional and ethnically balanced Afghan National Police and Afghan Border Police with a combined force of up to 62,000 will be able to meet the security needs of the country effectively and will be increasingly fiscally sustainable.

Disbandment of Illegal Armed Groups

All illegal armed groups will be disbanded by end-2007 in all provinces.

Counter-Narcotics

By end-2010, the Government will strengthen its law enforcement capacity at both central and provincial levels, resulting in a substantial annual increase in the amount of drugs seized or destroyed and processing facilities dismantled, and in effective measures, including targeted eradication as appropriate, that contribute to the elimination of poppy cultivation.

By end-2010, the Government and neighboring and regional governments will work together to increase coordination and mutual sharing of intelligence, with the goal of an increase in the seizure and destruction of drugs being smuggled across Afghanistan's borders and effective action against drug traffickers.

Mine Action and Ammunition

By end-2010, in line with Afghanistan's Millennium Development Goals (MDGs) and Afghanistan's Ottawa Convention obligations, the land area contaminated by mines and unexploded ordnance will be reduced by 70%; all stockpiled anti-personnel mines will be located and destroyed by end-2007; and by end-2010, all unsafe, unserviceable and surplus ammunition will be destroyed.

GOVERNANCE, RULE OF LAW AND HUMAN RIGHTS

Public Administrative Reform

By end-2010: Government machinery (including the number of ministries) will be restructured and rationalized to ensure a fiscally sustainable public administration; the civil service commission will be strengthened; and civil service functions will be reformed to reflect core functions and responsibilities.

A clear and transparent national appointments mechanism will be established within 6 months, applied within 12 months and fully implemented within 24 months for all senior level appointments to the central government and the judiciary, as well as for provincial governors, chiefs of police, district administrators and provincial heads of security.

By end-2006 a review of the number of administrative units and their boundaries will be undertaken with the aim of contributing to fiscal sustainability.

By end-2010, in furtherance of the work of the civil service commission, merit-based appointments, vetting procedures and performance-based reviews will be undertaken for civil service positions at all levels of government, including central government, the judiciary and police, and requisite support will be provided to build the capacity of the civil service to function effectively. Annual performance-based reviews will be undertaken for all senior staff (grade 2 and above) starting by end-2007.

Anti-Corruption

The UN Convention Against Corruption will be ratified by end-2006, national legislation adapted accordingly by end-2007 and a monitoring mechanism to oversee implementation will be in place by end-2008.

The Census and Statistics

The census enumeration will be completed by end-2008 and the complete results published. Reliable statistical baselines will be established for all quantitative benchmarks by mid-2007 and statistical capacity built to track progress against them.

National Assembly

The National Assembly will be provided with technical and administrative support by mid-2006 to fulfill effectively its constitutionally mandated roles.

Elections

The Afghanistan Independent Electoral Commission will have the high integrity, capacity and resources to undertake elections in an increasingly fiscally sustainable manner by end-2008, with the Government of Afghanistan contributing to the extent possible to the cost of future elections from its own resources. A permanent civil and voter registry with a single national identity document will be established by end-2009.

Gender

By end-2010: the National Action Plan for Women in Afghanistan will be fully implemented; and, in line with Afghanistan's MDGs, female participation in all Afghan governance institutions, including elected and appointed bodies and the civil service, will be strengthened.

Rule of Law

By end-2010, the legal framework required under the constitution, including civil, criminal and commercial law, will be put in place, distributed to all judicial and legislative institutions and made available to the public.

By end-2010, functioning institutions of justice will be fully operational in each province of Afghanistan, and the average time to resolve contract disputes will be reduced as much as possible.

A review and reform of oversight procedures relating to corruption, lack of due process and miscarriage of justice will be initiated by end-2006 and fully implemented by end-2010; by end-2010, reforms will strengthen the professionalism, credibility and integrity of key institutions of the justice system (the Ministry of Justice, the Judiciary, the Attorney-General's office, the Ministry of Interior and the National Directorate of Security).

By end-2010, justice infrastructure will be rehabilitated; and prisons will have separate facilities for women and juveniles.

Land Registration

A process for registration of land in all administrative units and the registration of titles will be started for all major urban areas by end-2006 and all other areas by end-2008. A fair system for settlement of land disputes will be in place by end-2007. Registration for rural land will be under way by end-2007.

Counter-Narcotics

By end-2010, the Government will increase the number of arrests and prosecutions of traffickers and corrupt officials and will improve its information base concerning those involved in the drugs trade, with a view to enhancing the selection system for national and sub-national public appointments, as part of the appointments mechanism mentioned earlier in this annex.

Human Rights

By end-2010: The Government's capacity to comply with and report on its human rights treaty obligations will be strengthened; Government security and law enforcement agencies will adopt corrective measures including codes of conduct and procedures aimed at preventing arbitrary arrest and detention, torture, extortion and illegal expropriation of property with a view to the elimination of these practices; the exercise of freedom of expression, including freedom of media, will be strengthened; human rights awareness will be included in education curricula and promoted among legislators, judicial personnel and other Government agencies,

communities and the public; human rights monitoring will be carried out by the Government and independently by the Afghan Independent Human Rights Commission (AIHRC), and the UN will track the effectiveness of measures aimed at the protection of human rights; the AIHRC will be supported in the fulfillment of its objectives with regard to monitoring, investigation, protection and promotion of human rights.

The implementation of the Action Plan on Peace, Justice and Reconciliation will be completed by end-2008.

ECONOMIC AND SOCIAL DEVELOPMENT

*Infrastructure And Natural Resources*Roads

Afghanistan will have a fully upgraded and maintained ring road, as well as roads connecting the ring road to neighboring countries by end-2008 and a fiscally sustainable system for road maintenance by end-2007.

Air Transport

By end-2010: Kabul International Airport and Herat Airport will achieve full International Civil Aviation Organization compliance; Mazar-i-Sharif, Jalalabad and Kandahar will be upgraded with runway repairs, air navigation, fire and rescue and communications equipment; seven other domestic airports will be upgraded to facilitate domestic air transportation; and air transport services and costs will be increasingly competitive with international market standards and rates.

Energy

By end-2010: electricity will reach at least 65% of households and 90% of non-residential establishments in major urban areas and at least 25% of households in rural areas; at least 75% of the costs will be recovered from users connected to the national power grid. A strategy for the development and the use of renewable energies will be developed by end-2007.

Mining and Natural Resources

An enabling regulatory environment for profitable extraction of Afghanistan's mineral and natural resources will be created by end-2006, and by end-2010 the investment environment and infrastructure will be enhanced in order to attract domestic and foreign direct investment in this area.

Water Resource Management

Sustainable water resource management strategies and plans covering irrigation and drinking water supply will be developed by end-2006, and irrigation investments will result in at least 30% of water coming from large waterworks by end-2010.

Urban Development

By end-2010: Municipal governments will have strengthened capacity to manage urban development and to ensure that municipal services are delivered effectively, efficiently and transparently; in line with Afghanistan's MDGs, investment in water supply and sanitation will ensure that 50% of households in Kabul and 30% of households in other major urban areas will have access to piped water.

Environment

In line with Afghanistan's MDGs, environmental regulatory frameworks and management services will be established for the protection of air and water quality, waste management and pollution control, and natural resource policies will be developed and implementation started at all levels of government as well as the community level, by end-2007.

EDUCATIONPrimary and Secondary Education

By end-2010: in line with Afghanistan's MDGs, net enrolment in primary school for girls and boys will be at least 60% and 75% respectively; a new curriculum will be operational in all secondary schools; female teachers will be increased by 50%; 70% of Afghanistan's teachers will have passed a competency test; and a system for assessing learning achievement such as a national testing system for students will be in place.

Higher Education

By end 2010: enrolment of students to universities will be 100,000 with at least 35% female students; and the curriculum in Afghanistan's public universities will be revised to meet the development needs of the country and private sector growth.

Skills Development

A human resource study will be completed by end-2006, and 150,000 men and women will be trained in marketable skills through public and private means by end-2010.

Afghan Cultural Heritage

A comprehensive inventory of Afghan cultural treasures will be compiled by end-2007. Measures will be taken to revive the Afghan cultural heritage, to stop the illegal removal of cultural material and to restore damaged monuments and artifacts by end-2010.

HEALTHHealth and Nutrition

By end-2010, in line with Afghanistan's MDGs, the Basic Package of Health Services will be extended to cover at least 90% of the population; maternal mortality will be reduced by 15%; and full immunization coverage for infants under-5 for vaccine-preventable diseases will be achieved and their mortality rates reduced by 20%.

AGRICULTURE AND RURAL DEVELOPMENTAgriculture and Livestock

By end-2010: The necessary institutional, regulatory and incentive framework to increase production and productivity will be established to create an enabling environment for legal agriculture and agriculture-based rural industries, and public investment in agriculture will increase by 30 percent; particular consideration will be given to perennial horticulture,

animal health and food security by instituting specialized support agencies and financial service delivery mechanisms, supporting farmers' associations, branding national products, disseminating timely price and weather-related information and statistics, providing strategic research and technical assistance and securing access to irrigation and water management systems.

Comprehensive Rural Development

By end-2010: Rural development will be enhanced comprehensively for the benefit of 19 million people in over 38,000 villages; this will be achieved through the election of at least a further 14,000 voluntary community development councils in all remaining villages, promoting local governance and community empowerment; access to safe drinking water will be extended to 90% of villages and sanitation to 50%; road connectivity will reach 40% of all villages, increasing access to markets, employment and social services; 47% of villages will benefit from small-scale irrigation; 800,000 households (22% of all Afghanistan's households) will benefit from improved access to financial services; and livelihoods of at least 15% of the rural population will be supported through the provision of 91 million labor days.

Counter-Narcotics

By end-2010, the Government will design and implement programs to achieve a sustained annual reduction in the amount of land under poppy and other drug cultivation by the strengthening and diversification of licit livelihoods and other counter-narcotics measures, as part of the overall goal of a decrease in the absolute and relative size of the drug economy in line with the Government's MDG target.

SOCIAL PROTECTION

Poverty Reduction

By end-2010, in line with Afghanistan's MDGs, the proportion of people living on less than US\$1 a day will decrease by 3% per year and the proportion of people who suffer from hunger will decrease by 5% per year.

Humanitarian and Disaster Response

By end-2010, an effective system of disaster preparedness and response will be in place.

Disabled

By end-2010, increased assistance will be provided to meet the special needs of all disabled people, including their integration in society through opportunities for education and gainful employment.

Employment of Youth and Demobilized Soldiers

By end-2010, employment opportunities for youth and demobilized soldiers will be increased through special programs.

Refugees and IDPs

By end-2010, all refugees opting to return and internally displaced persons will be provided assistance for rehabilitation and integration in their local communities; their integration will be supported by national development programs, particularly in key areas of return.

Vulnerable Women

By end-2010, the number of female-headed households that are chronically poor will be reduced by 20%, and their employment rates will be increased by 20%.

Counter-Narcotics

By end-2010, the Government will implement programs to reduce the demand for narcotics and provide improved treatment for drug users.

ECONOMIC GOVERNANCE AND PRIVATE SECTOR DEVELOPMENTFinancial Management

By end-2007, the Government will ensure improved transparent financial management at the central and provincial levels through establishing and meeting benchmarks for financial management agreed with and monitored by the international community, including those in the anticipated Poverty Reduction Growth Facility (PRGF). In turn, and in line with improved government accountability, donors will make more effort to increase the share of total external assistance to Afghanistan that goes to the core budget.

Domestic Revenues

Afghanistan's total domestic budgetary revenue – equivalent to 4.5% of estimated legal GDP in 1383 (2004/05) – will steadily increase and reach 8% of GDP by 1389 (2010/11). The ratio of revenue to estimated total recurrent expenditures, including estimated recurrent expenditures in the core and external development budgets, is projected to rise from 28% in 1383 (2004/05) to an estimated 58% in 1389, resulting in a continuing need, in accord with the principles in Annex II, for (1) external assistance to the core budget and (2) increasing cost-effectiveness of assistance that funds recurrent expenditure through the external development budget.

Private Sector Development and Trade

All legislation, regulations and procedures related to investment will be simplified and harmonized by end-2006 and implemented by end-2007. New business organization laws will be tabled in the National Assembly by end-2006. The Government's strategy for divestment of state-owned enterprises will be implemented by end-2009.

Financial Services and Markets

Internationally accepted prudential regulations will be developed for all core sectors of banking and non-bank financial institutions by end-2007. The banking supervision function of Da Afghanistan Bank will be further strengthened by end-2007. Re-structuring of state-owned commercial banks will be complete by end-2007. State-owned banks that have not been re-licensed will be liquidated by end-2006.

Regional Cooperation

By end-2010: Afghanistan and its neighbors will achieve lower transit times through Afghanistan by means of cooperative border management and other multilateral or bilateral trade and transit agreements; Afghanistan will increase the amount of electricity available through bilateral power purchase; and Afghanistan, its neighbors and countries in the region will reach agreements to enable Afghanistan to import skilled labor, and to enable Afghans to seek work in the region and send remittances home.

ANNEX II

IMPROVING THE EFFECTIVENESS OF AID TO AFGHANISTAN

The international community has made a significant investment in the future of a democratic state of Afghanistan since December 2001. This Compact is an affirmation of that commitment. The Afghan Government and the international community are further committed to improving the effectiveness of the aid being provided to Afghanistan in accordance with the Paris Declaration on Aid Effectiveness (2005), recognizing the special needs of Afghanistan and their implications for donor support.

Consistent with the Paris Declaration and the principles of cooperation of this Compact, the Government and the international community providing assistance to Afghanistan agree that the principles for improving the effectiveness of aid to Afghanistan under this Compact are:

1. Leadership of the Afghan Government in setting its development priorities and strategies and, within them, the support needs of the country and the coordination of donor assistance;
2. Transparency and accountability on the part of both the Government and the donors of the international assistance being provided to Afghanistan.

Under these principles and towards the goal of improving the effectiveness of aid to Afghanistan, the Government will:

- Provide a prioritized and detailed Afghanistan National Development Strategy (ANDS) with indicators for monitoring results, including those for Afghanistan's Millennium Development Goals (MDGs);
- Improve its abilities to generate domestic revenues through, inter alia, customs duties and taxes; and to achieve cost recovery from public utilities and transportation;
- Agree with donors, international financial institutions and United Nations agencies on the benchmarks for aid channeled through the Government's core budget and for the utilization of such aid; and monitor performance against those benchmarks; and
- Provide regular reporting on the use of donor assistance and performance against the benchmarks of this compact to the National Assembly, the donor community through the Afghanistan Development Forum and the public at large.

The donors will:

- Provide assistance within the framework of the Afghanistan National Development Strategy; programs and projects will be coordinated with Government in order to focus on priorities, eliminate duplication and rationalize donor activities to maximize cost-effectiveness;
- Increasingly provide more predictable and multiyear funding commitments or indications of multiyear support to Afghanistan to enable the Government to plan better the implementation of its National Development Strategy and provide untied aid whenever possible;

- Increase the proportion of donor assistance channeled directly through the core budget, as agreed bilaterally between the Government and each donor, as well as through other more predictable core budget funding modalities in which the Afghan Government participates, such as the Afghanistan Reconstruction Trust Fund (ARTF), the Law and Order Trust Fund for Afghanistan (LOTFA) and the Counter-Narcotics Trust Fund (CNTF);
- Provide assistance for the development of public expenditure management systems that are essential for improving transparency and accountability in the utilization of donor resources and countering corruption;
- Recognize that, because of the need to build Afghan capacity, donor assistance provided through the external budget will be designed in such a manner as to build this capacity in the Government as well as the private sector and non-profit sector;
- Ensure that development policies, including salary policies, strengthen national institutions that are sustainable in the medium to long term for delivery of programs by the Government;
- For aid not channeled through the core budget, endeavor to:
 - o Harmonize the delivery of technical assistance in line with Government needs to focus on priority areas and reduce duplication and transaction costs;
 - o Reduce the external management and overhead costs of projects by promoting the Afghan private sector in their management and delivery;
 - o Increasingly use Afghan national implementation partners and equally qualified local and expatriate Afghans;
 - o Increase procurement within Afghanistan of supplies for civilian and military activities; and
 - o Use Afghan materials in the implementation of projects, in particular for infrastructure;
- Within the principles of international competitive bidding, promote the participation in the bidding process of the Afghan private sector and South-South cooperation in order to overcome capacity constraints and to lower costs of delivery;
- Provide timely, transparent and comprehensive information on foreign aid flows, including levels of pledges, commitments and disbursements in a format that will enable the Afghan Government to plan its own activities and present comprehensive budget reports to the National Assembly; this covers the nature and amount of assistance being provided to Afghanistan through the core and external budgets; and
- For external budget assistance, also report to the Government on: the utilization of funds; its efficiency, quality and effectiveness; and the results achieved.

These mutual commitments are intended to ensure that the donor assistance being provided to Afghanistan is used efficiently and effectively, that there is increased transparency and accountability, and that both Afghans and the taxpayers in donor countries are receiving value for money.

ANNEX III COORDINATION AND MONITORING

The Afghan Government and the international community recognize that the success of the Afghanistan Compact requires strong political, security and financial commitment to achieve the benchmarks within the agreed timelines. Equally, the success of the Compact relies on an effective coordination and monitoring mechanism.

To this end, and in addition to existing sectoral coordination mechanisms, the Afghan Government and the international community are establishing a Joint Coordination and Monitoring Board with the participation of senior Afghan Government officials appointed by the President and representatives of the international community. The Board will be co-chaired by a senior Afghan Government official appointed by the President and by the Special Representative of the UN Secretary-General for Afghanistan. Its purpose would be to ensure overall strategic coordination of the implementation of the Compact.

The Board will have a small secretariat staffed by the Afghan Government and the United Nations. It will be supported by technical experts, as needed. The Board will hold periodic meetings and special sessions as required to review the implementation of this Compact and suggest corrective action, as appropriate.

Afghan state institutions and sectoral coordination mechanisms involved in the implementation of the Afghanistan National Development Strategy (ANDS) will provide inputs to the Board with regard to the implementation of the Compact. In addition, in carrying out its assessments, the Board will consider inputs from the international community, including United Nations agencies, international financial institutions, donors, international security forces and relevant non-governmental organizations and civil society representatives.

Periodic progress reports on the implementation of the Compact prepared by the Joint Coordination and Monitoring Board will be made public.

ANNEX IV

Participants at the London Conference on Afghanistan

Participating Countries

Afghanistan (co-chair)
 Australia
 Austria
 Bahrain
 Belgium
 Brazil
 Brunei
 Bulgaria
 Canada
 China
 Czech Republic
 Denmark
 Egypt
 Finland
 France
 Germany
 Greece
 Hungary
 Iceland
 India
 Iran
 Italy
 Japan
 Jordan
 Kazakhstan
 Korea (Republic of)
 Kuwait
 Kyrgyzstan
 Lithuania
 Luxembourg
 Malaysia

Netherlands

New Zealand

Norway

Pakistan

Poland

Portugal

Qatar

Romania

Russia

Saudi Arabia

Spain

Sweden

Switzerland

Tajikistan

Turkey

Turkmenistan

United Arab Emirates

United Kingdom (co-chair)

United States of America

Uzbekistan

Observers

Argentina

Chile

Croatia

Cyprus

Estonia

Ireland

Latvia

Macedonia (FYR)

Malta

Oman

OSCE

Singapore

Slovakia

Slovenia

Participating Organizations

Aga Khan Foundation

Asian Development Bank

European Commission

European Union

Islamic Development Bank

International Monetary Fund

NATO

Organization of Islamic
Conference

United Nations (co-chair)

World Bank

Appendix J

Afghanistan National Development Strategy Executive Summary (2008-2013)

In the name of Allah, the Most Merciful, the Most Compassionate

Vision for Afghanistan

By the solar year 1400 (2020), Afghanistan will be:

- A stable Islamic constitutional democracy at peace with itself and its neighbors, standing with full dignity in the international family.
- A tolerant, united, and pluralist nation that honors its Islamic heritage and deep aspirations toward participation, justice, and equal rights for all.
- A society of hope and prosperity based on a strong, private sector-led market economy, social equity, and environmental sustainability.

ANDS Goals for 1387-1391 (2008-2013)

The Afghanistan National Development Strategy (ANDS) is a Millennium Development Goals (MDGs)-based plan that serves as Afghanistan's Poverty Reduction Strategy Paper (PRSP). It is underpinned by the principles, pillars and benchmarks of the Afghanistan Compact. The pillars and goals of the ANDS are:

1. Security: Achieve nationwide stabilization, strengthen law enforcement, and improve personal security for every Afghan.
2. Governance, Rule of Law and Human Rights: Strengthen democratic practice and institutions, human rights, the rule of law, delivery of public services and government accountability.
3. Economic and Social Development: Reduce poverty, ensure sustainable development through a private sector-led market economy, improve human development indicators, and make significant progress towards the Millennium Development Goals.

In the name of Allah, the most Merciful, the most Compassionate

Six and one-half years ago, the people of Afghanistan and the international community joined hands to liberate Afghanistan from the grip of international terrorism and to begin the journey of rebuilding a nation from a past of violence, destruction and terror. We have come a long way in this shared journey.

In a few short years, as a result of the partnership between Afghanistan and the international community, we were able to create a new, democratic Constitution, embracing the freedom of speech and equal rights for women. Afghans voted in their first-ever presidential elections and elected a new parliament. Today close to five million Afghan refugees have returned home, one of the largest movements of people to their homeland in history.

Thousands of schools have been built, welcoming over six million boys and girls, the highest level ever for Afghanistan. Hundreds of health clinics have been established boosting our basic health coverage from a depressing 9 percent six years ago to over 85 percent today. Access to diagnostic and curative services has increased from almost none in 2002 to more than forty percent. We have rehabilitated 12,200 km of roads, over the past six years. Our rapid economic growth, with double digit growth almost every year, has led to higher income and better living conditions for our people. With a developing road network and a state-of-the-art communications infrastructure, Afghanistan is better placed to serve as an economic land-bridge in our region.

These achievements would not have been possible without the unwavering support of the international community and the strong determination of the Afghan people. I hasten to point out that our achievements must not distract us from the enormity of the tasks that are still ahead. The threat of terrorism and the menace of narcotics are still affecting Afghanistan and the broader region and hampering our development. Our progress is still undermined by the betrayal of public trust by some functionaries of the state and uncoordinated and inefficient aid delivery mechanisms. Strengthening national and sub-national governance and rebuilding our judiciary are also among our most difficult tasks.

To meet these challenges, I am pleased to present Afghanistan's National Development Strategy (ANDS). This strategy has been completed after two years of hard work and extensive consultations around the country. As an Afghan-owned blueprint for the development of Afghanistan in all spheres of human endeavor, the ANDS will serve as our nation's Poverty Reduction Strategy Paper. I am confident that the ANDS will help us in achieving the Afghanistan Compact benchmarks and Millennium Development Goals. I also consider this document as our roadmap for the long-desired objective of Afghanization, as we transition towards less reliance on aid and an increase in self-sustaining economic growth.

I thank the international community for their invaluable support. With this Afghan-owned strategy, I ask all of our partners to fully support our national development efforts. I am strongly encouraged to see the participation of the Afghan people and appreciate the efforts of all those in the international community and Afghan society who have contributed to the development

of this strategy. Finally, I thank the members of the Oversight Committee and the ANDS Secretariat for the preparation of this document.

Hamid Karzai President of the Islamic Republic of Afghanistan

I. INTRODUCTION

Afghanistan emerged in late 2001 as a State and People that were devastated like few other in modern history. The extent of destruction of the country's physical, institutional, human and social capital left Afghanistan and its international partners with a monumental task: to build a pluralist Islamic State governed by the rule of law, in which all Afghans have the opportunity to live in peace with dignity, to reach their economic potential, to access basic public services and to participate fully as equal citizens.

Six and one-half years later, despite considerable progress and sacrifice, we have yet to achieve this vision. Along with our international partners, we underestimated the full extent and time required to overcome the obstacles to peace and prosperity. Insecurity, poverty, corruption and the expanding narcotics industry signify that while the challenges facing Afghanistan have changed in nature, they have not necessarily changed in magnitude. The Afghan people will remain handicapped in discovering their full human potential unless a better balance is struck between development, security and political strategies that are sensitive to both Afghan culture and resource constraints. When empowered with appropriate tools, skills, political support, and respect for human rights, the Afghan people—facilitated by their Government and international partners—remain the key to comprehensive recovery and a durable peace.

To meet the country's many challenges and realize the aspirations of the Afghan people, the five-year Afghanistan National Development Strategy has been prepared after two years of analysis and priority-setting, drawing on extensive national and sub-national consultations. As an Afghan-owned blueprint for progress in all spheres of national life, the ANDS is a Millennium Development Goals-based plan that will serve as the country's Poverty Reduction Strategy Paper. Fundamental to its successful implementation is the need to invest in critical national capacities, such as education, energy, irrigation, and agriculture, as well as to promote reconciliation, justice and alternative livelihoods. Besides providing a detailed, budgeted strategy for advancing the Government of Afghanistan and international community's Afghanistan Compact goals, the ANDS is a roadmap for the long-desired objective of 'Afghanization' and the transition towards stability, self-sustaining growth, and human development. Translating the Compact's over-arching goals of peace, inclusive and competent governance, and sustainable socio-economic development into a meaningful impact in the lives of ordinary Afghans requires overcoming the fear of failure; after decades of violence and untold suffering—which has, at times, threatened the outside world—there can be no alternative but to succeed.

II. OUR ACHIEVEMENTS SINCE DECEMBER 2001

Beginning in 1380 (December 5, 2001), the Bonn Agreement guided Afghanistan's transformation towards a new era of democratic self-governance. Shortly after the Bonn meeting, an Interim Authority convened an Emergency Loya Jirga (ELJ), the first genuinely representative Afghan national forum in decades, and it established a Transitional Administration. In 1383 (2004) Afghanistan adopted its first Constitution in three decades, laying the political and development foundations for the country. Three rounds of free and fair elections followed. Afghanistan now enjoys a democratically elected President, National Assembly and Provincial Councils. Women constitute 27 percent of the National Assembly, and 76 percent of eligible voters participated in the presidential elections.

Besides political progress, other significant achievements since 2001 include: enrolling 6.4 million children in primary and secondary education, 35 percent of whom are young girls; the basic package of health services now covers 85 percent of the country with 80 percent of the population immunized; the return of more than five million Afghan refugees; the rehabilitation of about 12,000 km of roads, including the ring road; the disarmament, demobilization and reintegration of over 63,000 former combatants; the national army and police forces are close to full strength; the core state economic and social welfare institutions have been fully reestablished and are providing valuable basic services; a single unified currency and national accounts have been established; macro-economic stability, fiscal discipline, prudent monetary policies, low levels of inflation, and public finance management systems have been established; commercial banking and telecommunication networks, led by the private sector, are fully operational; and Afghanistan is far less likely to serve as a safe haven for terrorist activities.

After the successful completion of the Bonn Agreement, Afghanistan and the international community adopted the Afghanistan Compact, agreed to at the London Conference of 1384 (2006). The Bonn Agreement reestablished State institutions; the Afghanistan Compact aims to make them functional. To do so, the Compact sets out ambitious goals for comprehensive state-building with benchmarks for security, governance, and development, including the cross-cutting goals of counter-narcotics and regional cooperation. To implement its obligations under the Afghanistan Compact, the Government of Afghanistan presented its Interim-Afghanistan National Development Strategy, now developed into the full ANDS.

III. CURRENT CONDITIONS AND CHALLENGES

No other nation has faced, simultaneously, the range and scale of far-reaching challenges with which Afghanistan must now contend. Today, the country remains devastated with a large part of the human, physical and institutional infrastructure destroyed or severely damaged. Afghanistan faces widespread poverty; limited fiscal resources which impede service delivery; insecurity arising from the activities of extremists, terrorists and criminals; weak governance and corruption; a poor environment for private sector investment; the corrosive effects of a large and growing narcotics industry; and major human capacity limitations throughout both the

public and private sectors. Meeting the challenges of recovery and rebuilding a country that can provide the basis for sustained economic development will take many years and require consistent international support.

Social and economic development will not be achieved unless the insecurity that prevails in some parts of the country is reduced markedly. Despite the efforts by Government and the international community to end terrorists and extremist activity, security has steadily deteriorated since late 1384 (2006). The stabilization of Afghanistan, especially in the south and south-east, remains a necessary but insufficient pre-condition for ANDS implementation. The success and sustainability of the ANDS depends on the ability of Afghanistan to assert the rule of law across the country. However, this requires the establishment of central and sub-national governance structures capable of delivering basic services to all citizens.

The difficulties in maintaining security contribute significantly to two closely related issues: increasing corruption in the public sector and the rapid growth of the narcotics industry. There is a consensus that corruption is widespread and growing public corruption represents a major disincentive for private investment, substantially increasing the costs and risks of doing business. The lack of security in some parts of the country has created conditions in which poppy cultivation has flourished, feeding a growing narcotics industry. The narcotics economy seriously undermines the potential for growth in the licit economy and generates large amounts of illicit money to fund terrorist activities and encourage corruption in the public sector. The country must also address serious shortcomings in the delivery of basic social services, particularly education and healthcare. Literacy rates remain low, particularly in rural areas and among women. The health standards of the Afghan people are also among the lowest in the world. Spending on healthcare per person is only about one quarter of the amount spent elsewhere in the region.

The Afghan Government is firmly committed to build a strong, private sector-led market economy. This will provide the foundation for sustainable economic growth and for generating employment. However, several severe limitations in the economic environment must be addressed if these efforts are to succeed:

- i. The country's 'hard infrastructure', including roads, reliable supplies of water and power, and the entire value chain that links production to domestic and foreign markets, is inadequate to support high levels of economic growth and the poverty reduction benefits that such growth would bring.
- ii. The corresponding 'soft infrastructure', which includes the necessary human and institutional capacity necessary for an economy to function, is largely lacking. Considerable emphasis is being given to developing capacity in both the public and private sectors and to institutional development, but meeting the growth targets of the ANDS will take time.

iii. Economic governance is weak. The Government is pursuing comprehensive economic reform, but the establishment of the institutions and the regulatory framework needed for effective implementation and enforcement will take many years to develop.

iv. Afghanistan's commercial connections to regional and global economies were severely disrupted during the period of political and economic isolation and must be re-established. The development of a competitive private sector will be necessary if Afghanistan is once more to become well integrated within the both the regional and global economies.

v. Key markets for land and finance are largely undeveloped, limiting the ability of private investors to establish and operate businesses. Afghanistan has substantial commercial and natural resources that could be more productively employed and, in doing so, would greatly expand opportunities for employment and lead to substantially increased government revenues.

The current fragmented and uncoordinated approach to Afghanistan's reconstruction and development must turn into an integrated and prioritized approach, as outlined in the ANDS. Given that most aid continues to flow outside the Government's core budget, improving coordination and aid effectiveness are essential for successful ANDS implementation.

IV. PREPARING THE AFGHANISTAN NATIONAL DEVELOPMENT STRATEGY

To comprehensively address the security, governance, and development needs of Afghanistan, the Government² has prepared the five-year Afghanistan National Development Strategy. The ANDS reflects the Government's vision, principles and goals for Afghanistan, building on and in support of commitments to reach the Afghanistan Compact benchmarks and the Afghanistan Millennium Development Goals. The Afghanistan Compact represents an international commitment to improve security, governance, and development conditions and opportunities for all Afghans.

The ANDS is the product of extensive national, provincial and local level consultations. National consultations involved all major governmental and civil society institutions, including non-governmental organizations (NGOs), cultural associations, religious communities, tribal elders, the private sector, development experts and the international community. Sub-national consultations involved discussions with provincial governors, provincial representative bodies, village councils, parliamentarians from each province, local civil society³ leaders, representatives of Provincial Reconstruction Teams (PRTs) and prominent individuals in all 34 provinces. More than 17,000 people, nearly 50 percent of who were women, directly participated in the consultations.

The sub-national consultations represented the first significant dialogue between the central Government and the provinces, designed to strengthen center-periphery relations. The outcome of the consultations included the formulation of around 18,500 village based development

plans, leading to 290 district development plans, which were finally consolidated into 34 Provincial Development Plans (PDPs). These PDPs identified needs and key development priorities for each province.

In preparing the ANDS, the Government has adopted evidence based policy making—through detailed poverty diagnostic work—to better understand the causes and effects of poverty in all its forms. Based on this analysis, the ANDS serves as a pro-poor growth strategy. By pro-poor, the Government means making investments that have a preferential impact on bringing the poor out of extreme poverty through the adoption of growth enabling policies and targeted social protection investments. Afghanistan aims to achieve pro-poor growth, where the incomes and livelihoods of the poorest rise faster than the average growth of the economy. Key findings of the Government's 1386 (2007) National Risk and Vulnerability Assessment (NRVA) indicate that the poverty rate stands at 42 percent (or 12 million people), with per capita incomes of about US\$14 per month. Moreover, food Afghanistan National Development Strategy (ANDS) poverty was estimated to affect around 45 percent of Afghans; they are unable to purchase sufficient food to guarantee the world standard minimum food intake of 2,100 cal/day. Furthermore, 20 percent were situated slightly above the poverty line indicating a high level of vulnerability.

Both the national (top-down) and sub-national (bottom-up) consultations were integrated into the sector strategies, which contributed to the formulation of Sector Wide Approaches and Programmatic Budgeting. The ANDS presents the Government's development priorities to address the needs of the country within the limits of the Government's fiscal framework.

V. GOALS OF THE ANDS

Pillar 1: Security

ANDS Goal: Achieve nationwide stabilization, strengthen law enforcement, and improve personal security for every Afghan.

Security in all parts of the country is essential for effective governance, private sector development, economic growth, poverty reduction and the safeguarding of individual liberty. The strategic objective under this pillar is to ensure the security of state, persons and property through the implementation of an integrated and sustainable defense, security and law and order policy. The Government has developed a National Security Policy to be implemented through the Security Sector Reform (SSR) program. This will strengthen and improve coordination among the Afghan National Security Forces (ANSF), ISAF/NATO and CSTC-A.

Challenges

Afghanistan still faces a number of serious challenges before it can assume full responsibility for its own security. Terrorism, foreign interference, instability and weak capacity in governance are preventing the Government from establishing effective control in some areas, particularly in the south and southeast. The large scale production of narcotics continues to provide funding for terrorist groups. Land mines and unexploded ordnance remains a significant threat, with

some five thousand citizens either killed or wounded in mine explosions since 1380 (2001). Currently only two of the country's 34 provinces are completely clear of mines.

The only practical solution for Afghanistan's long-term security needs is to enable Afghans to provide for their own security. The sustainability of the Afghan National Security Forces is, in the longer-term, the responsibility of Afghanistan. The Government will assume an increasing share of this burden commensurate with economic growth—the 'Afghanization' of the country's security activities. But until Afghanistan build the economic capacity to completely meet this obligation, the international community must help bridge the gap.

Targets

1. The Afghan National Army (ANA): The long-term objective for Afghanistan is to build an Afghan National Army capable of maintaining the stability of the country, defending its sovereignty, and contributing to regional security. The final figure for ANA troop strength to meet these requirements has not been determined by the Government and the international community. However, the 80,000 figure (plus 6,600 in training), which was approved at the February 2008 Joint Coordination and Monitoring Board (JCMB) meeting, is an important milestone and provides a target for the near future. By Jaddi 1389 (end-2010), the ANA will achieve and surpass this milestone, and it will ensure that 75 percent of the field battalions (kandaks) and brigades are capable of conducting independent operations (with the addition of some external enablers and air support). The ANA will maintain its regional and ethnic balance, and continue to develop its reputation as a respected, accountable and professional force, prepared to meet the security needs of the nation.

2. The Afghan National Police (ANP): The long-term objective for the ANP is to build a professional police force that operates within internationally accepted legal standards, with respect for human rights, and is managed by a professional, adequately trained and paid staff able to effectively plan, manage, employ and sustain a national, merit-based police force. It should protect the local population from a terrorist and illegally armed anti-government threat and enforce the rule of law on a country-wide basis. It should be able to transition to traditional policing as conditions on the ground change. By Jaddi 1392 (end-2013) the Ministry of Interior will achieve a target strength of 82,180 professional policemen (including Afghan Border Police). This force will be capable of maintaining domestic order and enforcing the law, and serve under the direction and control of the Ministry of Interior, while remaining responsive to the needs of local communities.

3. Disarmament of Illegal Armed Group (DIAG): All illegal armed groups will be disbanded by 20 March 2011 in all provinces.

4. Removing Unexploded Ordnance: By Jaddi 1389 (end-2010), in line with Afghanistan's MDGs, the land area contaminated by mines and unexploded ordnance will be reduced by 70

percent. Ninety percent of all known mine/Explosive Remnants of War (ERW) contaminated areas will be cleared by 1391 (2012). All emplaced anti-personnel mines will be cleared by 1391 (2013) in accord with the provisions of the Ottawa Convention.

5. Counter-Narcotics: By 2013, the area under poppy cultivation will be reduced by half compared to 007 levels.

Priorities

Afghanistan's security sector includes a number of institutions responsible for defending the country, maintaining security and enforcing laws. The first priority for this security pillar is to increase the capability of the security institutions.

The second priority is to ensure that our efforts in the security sector are comprehensive, complimentary and integrated. The Government is fully committed to successfully implementing an integrated and comprehensive national policy and strategy; a robust security sector reform program; strengthening synergies between civil and military operations; increasing the role of security forces in counter-narcotics activities; and strengthening and reforming the civilian components of security entities.

The third priority for this sector is the progressive transfer of responsibility for security from their international partners to Afghan forces and institutions. As NATO/ISAF forces step back from direct engagement in security operations, the ANA and ANP will take the lead on operations, and eventually provide the security needs of Afghanistan with partners assuming only support and oversight roles. Meanwhile, the ANA will depend upon ISAF for enablers and force multipliers. An increasingly capable ANA will enable the gradual reduction in international forces with a substantial reduction in the international community's sacrifices. The pace for standing up the Afghan Security Forces is linked directly to the level and speed by which the international community chooses to aid Afghanistan in overcoming current gaps in capability—but Afghanistan is ready to take the first steps.

Pillar 2: Good Governance, Rule of Law, and Human Rights:

ANDS Goal: Strengthen democratic practice and institutions, human rights, the rule of law, delivery of public services, and government accountability

Improved democratic governance, rule of law, justice and human rights remain vital to supporting our national vision, including poverty reduction and sustained high rates of economic growth. The ANDS strategic objective for this sector is the establishment of a stable Islamic constitutional democracy where the three branches of the State function effectively and inclusively, are held accountable, and uphold the rule of law and basic human rights. The Government aims to provide good governance and measurable improvements in the delivery of services. To achieve these goals it will: (i) establish, reform and strengthen government institutions at the central and sub-national levels with an emphasis on transparency and

competent, results-based management; and (ii) reform legislative processes, including the holding of free and fair elections. The Government will act as a policy maker, regulator, enabler and not a competitor, of the private sector.

Challenges

While much has been achieved in strengthening the formal and informal structures of governance and the rule of law, as well as extending human rights, considerable challenges still stand in the way of achieving the goals under this pillar. These include: (i) the existence of multiple, parallel structures of state and non-state governance entities; (ii) confusion over center/sub-national governance entities; (iii) weak public sector institutions and underdeveloped governance and administration capabilities; (iv) high levels of corruption; (v) fiscal uncertainty; (vi) weak legislative development and enforcement; (vii) weak parliamentary oversight; (viii) weak community and civil society institutions; (ix) ineffective and poorly defined justice system; (x) gender inequality; and (xi) underdeveloped human rights enforcement capacities. If significant improvements in governance are not rapidly achieved it will be difficult to make substantial progress with respect to security, human rights and economic development.

Priorities

To remedy these weaknesses, the Government will adopt the following measures:

Empower the National Assembly: The capacity of the National Assembly will be enhanced so as to improve legislative oversight, transparency and accountability functions.

Public Administration Reform (PAR): The objective of the PAR program is to encourage public institutions to perform effectively with a focus on results. The capacity of the civil service will be strengthened, for example through pay and grading restructuring, ensuring and expanding merit based appointments, rationalizing and restructuring government institutions to reflect core functions and responsibilities, and increasing training and capacity development.

Anti-corruption Measures: The Government will focus on reducing administrative corruption at all levels of government and the judiciary, by increasing corruption monitoring, introducing additional programs to further limit potential corruption risks, and strengthening public complaints mechanisms.

Enhanced Availability of Information: The Government will increase the amount of information available to the public. The public will have greater access and rights to publicly held information.

Enhanced Participation of Women in Government: The Government will fulfill its obligations in regard to the implementation of the National Action Plan for Women's Rights in Afghanistan.

Effective System of Disaster Preparedness and Response: The Government is committed to increasing its capacity to effectively implement the National Disaster Management Plan.

Independent Election Commission (IEC): The capacities of the IEC will be strengthened so that a permanent voter's registry, electorates and electoral rolls will be established and constitutionally mandated elections at the national and sub-national levels successfully delivered.

National Identity Document: The Government will pursue the development of a single national identity document so as to enhance public accountability and transparency and reduce corruption.

Geodesic and Cartographic Information: The Government will review village and Gozar boundaries and will complete a national mapping exercise.

Census and Statistical Baseline: The Government will undertake the first national census in 2008 and will establish national and sub-national economic and poverty baselines and will publish results and analysis of data.

Land Administration: The Government will establish a modern land registry and management system and a fair disputes settlement process.

Local Governance: The Government will develop sub-national governance legislation; increase the people's participation in sub-national governance structures; empower Provincial Councils; establish legislation to define the roles of district councils, municipal councils and village councils; promote regular elections for Municipal, District and Village Councils, including mayoral elections; reform sub-national governance structures; build the capacity of the sub-national civil service; institutionalize provincial planning and budgeting; and enhance municipal planning and budgeting capacities. The sub-national activities will be facilitated by the Independent Directorate of Local Governance (IDLG).

Communication with and within the Government: The Government will enhance the flow of information between all government entities related to national policy, strategy and national budget procedures.

Religious Affairs: The Government acknowledges the significant role of Islamic religion in shaping society and in creating systems of social value.

Human Rights: The Government will strengthen its capacity to protect the human rights of all Afghans through the development, ratification and enforcement of legislation that is consistent with Afghanistan's international obligations, such as: Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), and the Convention on the Rights of the Child (CRC). The Government remains committed to the Action Plan on Peace, Justice and

Reconciliation and clarify the institutional responsibilities of all Government entities responsible for improving human rights.

The Main Priorities for the Justice Sector are:

Improved Institutional Capacity to Deliver Sustainable Justice Services: The Government will reform and restructure judicial institutions; strengthen legal education; develop a judicial records system; enhance administrative capacity; reduce corruption; promulgate codes of ethics; develop a public complaints system; expand judicial services through infrastructure development and procure necessary transportation and equipment.

Improved Coordination and Integration within the Justice System and Other State Institutions: The Government will increase coordination and integration with other government institutions and civil society; improve legislation through enhancing capacities of the Taqin and the National Assembly; establish a National Legal Training Centre; increase opportunities for external stakeholders and civil society to contribute to legal policy development, analysis and legislative drafting; and improve the delivery of justice services in the provinces by strengthening the Provincial Justice Coordination Mechanism (PJCM). The PJCM will assist the Government to systematically expand rule of law beyond Kabul through coordinated and targeted donor programs for technical assistance, training, capacity building, infrastructure and provision of equipment and transportation.

Improved Quality Of Justice: The justice sector's strategic objective is to create an Islamic society in which an impartial and independent judiciary protects the safety and security, religion, property, human rights and Islamic values of its citizens, while respecting liberty, equality before the law and access to justice for all. The Government will: (i) establish an investigation system to reduce delays in the criminal justice processes caused, in part, by the lack of representation and poor case management; (ii) develop sentencing policies; (iii) implement the Juvenile Justice Policy; (iv) develop specialized policy units to address cross-cutting and emerging criminal justice issues; (v) enhance and improve civil court case administration and jurisdiction structures in major litigation categories; (vi) improve links between the formal and informal justice sectors; and (vii) provide oversight to the informal justice sector.

Targets

1. The Public Administration Reform program will be completed by 2013;
2. A substantial reduction in corruption will be achieved by 2013;
3. By 2009, the new criminal procedure code will be enacted and published, and for its implementation training with written commentary will be provided to all legal professionals, as well as community legal education for citizens;
4. By 2010, all laws, regulations, and other legal instruments will be compiled, indexed, uploaded and maintained on government websites, will be published and distributed to state institutions at all levels, and will be made available to the people nationwide

5. By 2013, all government agencies and ministries will have improved technical capacity to draft and propose nondiscriminatory legislative and regulatory instruments.

Pillar 3: Economic and Social Development:

ANDS Goal: Reduce poverty, ensure sustainable development through a private sector-led market economy, improve human development indicators, and make significant progress toward achieving the MDGs.

The Government is committed to policies conducive to a private sector-led market economy that delivers high, sustainable economic growth. Within the ANDS, the Government's key poverty reduction initiative will be to support the private sector as the most efficient vehicle for increasing employment and incomes. At the same time, the Government recognizes the need to target resources at the poorest and most vulnerable groups, to be achieved through fiscally sustainable and transparent income transfer policies. Since 2002, the Government has also placed a high priority on attempting to provide health and education services to all Afghans. These policies will continue to be strengthened, in order to improve human development indicators significantly across Afghanistan.

Challenges

Although the economy is experiencing high growth rates, Afghanistan faces a number of constraints that must be addressed to ensure long-term economic expansion and poverty reduction. Among the most severe are continuing instability, the poor state of infrastructure, low levels of human capital development and institutional capacity, and the lack of a proper enabling economic environment. At the same time, growth alone is not enough to reduce poverty and improve human development indicators. A major challenge in this pillar is to create an environment where the economy performs to its full potential, while at the same time ensuring that the most vulnerable members of society are not left behind.

Targets

1. The proportion of people living on less than \$1 a day will decrease by 3 percent per year;
2. The proportion of people who suffer from hunger will decrease by 5 percent per year;
3. The net enrolment in primary school for girls and boys will be at least 60 percent and 75 percent respectively by 2010;
4. Female teachers will be increased by 50 percent by 2010;
5. Seventy percent of Afghanistan's teachers will have passed a competency test by 2010;
6. The under-5 mortality rate will be reduced by 50 percent between 2003 and 2013;
7. The maternal mortality ratio will be reduced by 50 percent between 2002 and 2013;
8. The Basic Package of Health Services will be extended to cover at least 90 percent of the population by 2010;
9. The proportion of people without sustainable access to safe drinking water and sanitation will

be halved by 2020: by 2013, 50 percent of households in Kabul and 30 percent of households in other urban areas will have access to piped water; 90 percent of villages will have access to drinking water and 50 percent of villages will have access to sanitation.

Priorities

Policies for Enabling a Private Sector-Led Market Economy

Three key Government priorities are: (i) to develop the legal framework for the private sector, including the passage and enactment of key commercial laws (Corporations, Partnership, Commercial Arbitration, Commercial Mediation, Contracts, Agency, Standards, Copyrights, Trademarks, and Patents); (ii) to create a regulatory framework to support their implementation; and (iii) to improve enforcement of the legal and regulatory frameworks. The Government will also ensure that the laws appropriately reflect the Afghan societal context and are implemented fairly and consistently to provide greater predictability to investors.

The Government will strengthen economic governance within the framework of the Policy for Private Sector Growth and Development¹, including: (i) clarifying institutional responsibilities and mechanisms for reforming the business environment; (ii) strengthening the Ministry of Commerce and Industry, the Afghanistan Investment Support Agency, and the legal system to effectively regulate and resolve disputes; and (iii) improving access to land, including measures to clarify property rights, to simplify procedures for the transfer of titles, and to ensure the availability of longer-term leases. Major procedures for business operations (registration, licensing, permissions, border operations, custom clearance and payments) will continue to be streamlined to reduce transaction costs.

The Government attaches a high priority to the privatization and corporatization of key state-owned enterprises. This will include the corporatization and increasing the efficiency of the national electricity authority Da Afghanistan Brishna Mowasesa (DABM). The Ministry of Finance has prepared a list of all state-owned enterprises that will be privatized or liquidated over the course of next three years. Fair access to markets for new private sector competitors will be encouraged by all relevant government bodies.

The Government is committed to pro-trade policies maintaining low trade barriers for imports and exports that take into account domestic revenues and the need to support increased domestic production by the private sector. It is important to strengthen certain competitive industries where Afghanistan possesses a comparative advantage. The Ministry of Finance will be responsible for setting the tariff regime, in consultation with relevant stakeholders. The Government's top priority will be to improve trade and commercial relations with regional countries, taking advantage of Afghanistan's strategic location in the region by adopting policies and procedures that facilitate and promote transit and trade. In the short-term, the Government will focus on ensuring that custom regulations are consistently applied and that the average time required for the import and export of goods continues to decline and eventually reaches

the regional average. The Government remains committed to gaining accession to the World Trade Organization.

The financial system, including banking and microfinance, has been growing rapidly; however, financial intermediation remains low. Only a small segment of the population has access to formal financial services. Building a strong and responsive financial sector will remove one of the key bottlenecks to efforts within the private sector to increase productive capacity and enhance domestic production.

The Government's top priorities for the financial sector will be to strengthen the legal framework by passing and implementing four pending financial sector laws (Secured Transactions, Mortgages, Leasing, and Negotiable Instruments) and to strengthen the enforcement of prudent regulations in the banking sector. The next priority will be to increase the offering of financial services in rural areas and to small and medium enterprises (SMEs). The Government will implement the restructuring and eventual privatization strategies of Bank Millie and Pashtany Bank. Over the medium-term, the Government will seek to establish both a credit information bureau and a financial dispute resolution tribunal; it will further seek to implement an adequate insurance law to encourage the development of these key financial sector components.

Infrastructure and Natural Resources

Despite the rapid development of this sector over the past few years, Afghanistan's infrastructure still lags substantially behind that of its neighbors. The poor state of the roads and lack of reliable power, in particular, are major bottlenecks preventing the growth of private industry and trade. The Government's public expenditure policy will target infrastructure investments as a key priority in order to stimulate private investment and domestic production, increase employment and incomes, and reduce poverty.

Energy

The development of the energy sector is a key precondition for reducing poverty and strengthening private sector and rural development. The ANDS strategic objective for the energy sector strategy is the provision of reliable, affordable energy based on market-based private sector investment and public sector oversight by investing in Afghanistan's own sources of energy. Core targets over the medium-term for national development include: (i) electricity will reach at least 65 percent of households and 90 percent of non-residential establishments in major urban areas and at least 25 percent of households in rural areas; (ii) at least 75 percent of the costs will be recovered from users connected to the national power grid; and (iii) a strategy for the development and use of renewable energies.

Currently, Afghanistan is severely deficient in electricity generating capacity; it relies on power purchase agreement with neighboring countries. Today it is estimated that less than 20 percent of the population have access to public power (grid-supplied), but only on certain days and for limited number hours. Successfully implementing major infrastructure projects, such as Kokcha, Kunar, Baghdara, Gulbahar, Sorubi II and Sherberghan gas and oil fields, are essential to

securing Afghanistan's energy future. Other key elements of the strategy include: (i) expansion of the public power grid through the rehabilitation and upgrading of Kabul and other key infrastructure areas (i.e., distribution – lines, substations, meters); the development of the North East Power System (NEPS) to be followed by the South East Power System (SEPS), Western and Eastern Power Systems; (ii) increasing access to rural energy services through the promotion of micro-hydro, solar, waste and small diesel power and energy generating sources. Commercial operation of these services will be encouraged and technical standards will be established to ensure cost-recovery, sustainability and safety. (iii) Improving the efficiency and cost recovery of existing operations through the corporatization of DABM; and (iv) improve sector governance by consolidating planning and coordinating actions among all stake-holders through the Interministerial Commission for Energy.

The expected outcome of the strategy is greater access and reliability in electricity supplies throughout the country, based on increased utilization of domestic energy resources and imports. The Government seeks to create a strong enabling environment for private sector investment in energy production and in the distribution and sale of electricity. Reducing poverty and expanding employment and entrepreneurial opportunities in rural areas hinge on the extension of electricity through both the private sector and public investment in various off-grid projects.

Agriculture and Rural Development

The ANDS strategic objective for agriculture and rural development strategy is to attract private sector investment to transform agriculture to a high-value commercial agriculture sector as a source of growth and expansive means of livelihood. The Government will implement a coordinated agricultural and rural development program targeting two broad goals: (i) poverty reduction and (ii) the provision of alternative livelihoods. The Comprehensive Agriculture and Rural Development (CARD) Sector Strategy articulates a road map for the way forward in which poverty reduction through economic regeneration is the central objective. The overall focus is to support the poorest and most vulnerable segments of rural society. Of great importance, with increasing efforts towards poppy eradication, the rapid expansion of largely agricultural based activities will be more essential than ever to limit the numbers of marginal small holders falling below the poverty line. Investments to generate alternative livelihoods will be key in this regard.

Most farmers are engaged in subsistence or near-subsistence agriculture, and many farming families remain food insecure and therefore face risky livelihoods often combined with chronic debt. As a result, the country's vulnerability to natural disasters and food shortages has increased. The Agriculture and Rural Development Strategy sets out a series of programs designed to achieve improved quality of life for rural citizens – one in which food security is assured, basic services are provided, incomes increase with households actively engaged in legal activities, employment opportunities expand and where people live in a safe and secure environment. Activities are usefully grouped into two main components: a Comprehensive Agriculture and Rural Development and the Agricultural and Rural Development Zone (ARDZ) initiatives.

The fifteen programs that will provide the vehicles for reaching the objectives of the CARD strategy are as follows: National Solidarity Program, National Food Security Program, National Area Based Development Program, CARD horticulture program, CARD livestock program, National Rural Access Program, Rural Water Supply and Sanitation Program, CARD Irrigation Program, CARD National Resource program, National Surveillance System, Rural Electrification program, rural Enterprise program, research and Extension System, the Card Emergency Response System, and the CARD Capacity Building program.

Transportation

The ANDS strategic goal for the transport sector strategy is to achieve a safe, integrated transportation network that ensures connectivity and that enables low-cost and reliable movement of people and goods within Afghanistan as well as to and from foreign destinations. With the upcoming completion of the Regional Highway System, high priority will be given to improving 5,334km of secondary (national and provincial) roads and improving or building 6,290km of rural access roads as a key to raising rural livelihoods and reducing poverty and vulnerability in rural areas. Municipal transportation management will be strengthened to improve urban road quality, road network maintenance, road network planning, and transportation facilities and services. The Government will implement a comprehensive Operations and Maintenance (O&M) system, ensuring sustainability of O&M costs.

In addition, other major transportation priority initiatives to be undertaken include: (i) the New Kabul Airport; (ii) the Rehabilitation of Kandahar, Mazar-i-Sharif and Herat Airports; (iii) the building of new regional airports; (iv) the development of the railroad project; and (v) the entering into of new Transit Agreements with neighboring countries: these agreements will help to reduce the transit time for moving goods across borders. By end-2010, Afghanistan and its neighbors will also achieve lower transit times by means of more cooperative border management. Programs are now underway to ensure that Afghanistan's international airport, its other principal airports and the civil aviation authorities conform to the requirements of the ICAO and IATA, including establishing a new Civil Aviation Authority to promote air transport in a competitive environment.

Mining

The extraction of natural resources is expected to make a major contribution to GDP and export growth, as well as to the government revenues. The ANDS strategic objectives for the mining sector are (i) to attract increased private investment; (ii) to promote and regulate sustainable development of mineral resources; and (iii) to ensure that the nation's geological resources are properly surveyed and documented. This will be done through the establishment of a legal and regulatory environment that will encourage and assist private sector development of mining resources. A notable early success in the mining sector is the recently signed agreement for the largest foreign direct investment in the country to date—the leasing of the Aynak copper mine, for an estimated \$2.8 billion investment.

As key priorities in the mining sector, the Government will: (i) work to maximize the fiscal returns and economic linkages of natural resource extraction; (ii) establish a transparent and capable management system for the sector; (iii) provide a supportive environment for investment in the sector by finalizing and implementing various laws and regulations; and (iv) determine the extent of mineral resources in the country, with the objective of developing a long-term sustainable and environmentally-sound strategy. Success in attracting investment in mining operations will give investors confidence in the country's legal and regulatory system, opening the door to investments in other sectors.

Water Resources Management

The Government will implement the integrated Water Resources Management and river basin management approaches to planning and developing water resources in the short and medium-term. The ANDS strategic goal is to manage and develop the water resources in the country, so as to reduce poverty, increase sustainable economic and social development, and improve the quality of life for all Afghans and ensure an adequate supply of water for future generations.

Agriculture accounts for 95 percent of water consumption. In the 1970s, some 3.6 million hectares were cultivated using various irrigation methods, at present only about 1.3 million hectares of land are being irrigated. Of this, only 10 percent is being irrigated using properly engineered systems with the remainder dependent on traditional irrigation methods, some of these based on run-offs from or use of aquifers that are being degraded by deep water wells and insufficient investment in recharge basins. Irrigated land has three times the productivity of rain-fed land. Out of 8.3 million hectares of arable land in Afghanistan, 5.8 million hectares is potentially irrigable. Irrigation water management is one of the highest priorities of the Government. Significant investment has gone into rehabilitating damaged or degraded irrigation systems, but little has been done in terms of making new investments needed to increase efficiency in water use and new water supply. One of the highest priorities of the Government is developing irrigations dams, such as the Kokcha, Gambiri, and Kama dams.

The rehabilitation of traditional and existing irrigation structures will remain an important priority and will deliver much-needed quick returns in terms of increasing agricultural production and reducing poverty rates among rural households. To address the large gap in access to drinking water and sanitation services, the Government will give high priority to the provision of rural water supply and sanitation projects. In the medium to longer-term, the Government will complete hydrological surveys and build new dams with the aim of reclaiming agricultural land.

Information and Communications Technology (ICT)

The ANDS strategic goal for this sector is to provide equitable access for 80 percent of the country and for most populated areas to be covered by 1389 (2010). The priorities of the ICT sector will be to finalize the Fiber Optic Cable and Copper Cable Network projects, expanding access to high-speed data services throughout the country, and extending mobile phone coverage. The implementation of national ICT legislation, to create an enabling environment for the development of the sector, will be necessary to stimulate further private-sector investment. The ICT Council, through the Ministry of Communication and Information Technology (MCIT),

will work to expand government capacity, improve governance, and reduce corruption, by pursuing moves toward e-government. The private-sector is expected to make additional large investments in the telecommunication sector.

Urban Development

Effective management of the rapid urbanization process will make a significant contribution to the recovery of the country. Through the ANDS PDP process, eight major City Development Plans were developed. The ANDS strategic objective is to ensure increased access to improved services and affordable shelter, while promoting sustainable economic growth through the implementation of the National Urban Program, which includes the National Land Policy and the City Development Plans. Outcomes will include: (i) strengthened municipal capacity to manage urban development and deliver services; (ii) improved institutional coordination and monitoring of key urban indicators; (iii) increased access to basic services for urban households; (iv) phased regularization of tenure for 50 percent of households living in informal settlements; (v) upgrading public services and facilities, including new urban area development including the development of a new city on the Deh-Sabz north of the existing city of Kabul; (vi) increased availability of affordable shelter, including a 50 percent increase in numbers of housing units and 30 percent increase in area of serviced land on the market, coupled with access to affordable finance; and (vii) improved urban environment with green areas and open spaces.

A major challenge facing rapid urban development will be to adopt systems where urban taxes and cost recovery funds the provision of efficient government services. This will expand the scope for increased private sector provision of urban services, with funding still partially coming from the public sector to cover costs for those living in poverty. To alleviate urban sprawl, zoning and new city planning management capacities will be strengthened.

Education

The Government aims at having a well-educated nation. Since 2002, the Government has invested heavily in the education sector and has attained progress toward the ultimate goals of educating all of Afghanistan's children, reducing illiteracy, and creating a skilled labor force. The Government is committed to meeting the Millennium Development Goals, and the primary education objective for the ANDS is to keep Afghanistan on track for their timely attainment.

The Government aims to increase literacy, improve quality of education, expand the capacity of the education system to absorb more students, increase equal access to education for all, improve opportunities for and quality of higher education, and expand the capacity and improve the quality of vocational education and skills building.

The provision of basic education and reducing illiteracy rates will remain the top priority for the Government throughout the life of the ANDS. The Government is committed to implement the priority programs endorsed in the National Education Strategic Plan, including: (i) general education (targeting a 60 percent and 75 percent enrolment rate for girls and

boys, respectively); (ii) improved teacher education and working conditions; (iii) education infrastructure rehabilitation and development; (iv) curriculum development and learning materials; (v) Islamic education; (vi) technical and vocational education and training; (vii) literacy and non-formal education; and (viii) reform and development of education administration.

The next priority is to improve the quality and management of education through devolving responsibility for the delivery of education services to local authorities while strengthening the monitoring and strategic planning capacity of the Ministry of Education, Ministry of Higher Education, and Ministry of Labor and Social Services. The key priority in the vocational training subsector is to align vocational training and skills development programs with the needs of the economy through improved coordination and implementation capacity at the National Vocational Education and Training Board (NVETB).

Culture and Media

The culture and media sector vision is (i) to foster the continued expansion of a free and lively media that is independent and accessible to women and men throughout the country; (ii) to preserve and protect the cultural heritage of Afghanistan; and (iii) to foster cultural creativity.

Major goals for this sector include the documentation of unregistered historical monuments and archaeological sites and the restoration and protection of vulnerable locations; the adoption of new media legislation to support independent and open media; the expansion of media throughout the country; and the continuation of efforts to recover stolen artifacts through international and bilateral relations.

Health and Nutrition

By all measures, the people of Afghanistan suffer from poor health. Afghanistan's health indicators are near the bottom of international indices, and fare far worse, in terms of their health, than any other country in the region. Life expectancy is very low, infant, under-five and maternal mortality is very high, and there is an extremely high prevalence of chronic malnutrition and widespread occurrence of micronutrient deficiency diseases.

The overarching priority of the health sector is to address priority health issues through a universal coverage of a Basic Package of Health Services (BPHS). The Government will continue to implement the BPHS and will strengthen the referral network that links patients into the hospitals that provide the Essential Package of Hospital Services (EPHS). Specifically, the Government will focus on strengthening reproductive health services, particularly in the areas of safe motherhood and family planning; improving the nutritional status of mothers and children; and controlling communicable diseases, recognizing their adverse impact on the health of all Afghans. To support these specific health interventions, the Government has developed a comprehensive program of institutional development for health services, designed to organize, manage and monitor the national health system to reduce inequity and improve efficiency, effectiveness, quality of care and accountability at all levels.

The ANDS strategic objectives include achieving the following Afghanistan Compact and the Millennium Development Goals: by end-1389 (2010), in line with Afghanistan's MDGs, (i) the Basic Package of Health Services (BPHS) will be extended to cover at least 90 percent of the population; (ii) maternal mortality will be reduced by 15 percent; and (iii) full immunization coverage for infants under-5 for vaccine-preventable diseases will be achieved and their mortality rates reduced by 20 percent; (iv) to reduce by 50 percent, between 1382 (2003) and 1394 (2015), the under-five mortality rate, and further reduce it to one third of the 1382 (2003) level by 1400 (2020); (v) to reduce the maternal mortality rate by 50 percent, between 1381 (2002) and 1394 (2015), and further reduce by an additional 25 percent of the 1381 (2002) level by 1400 (2020); (vi) and reverse the spread of HIV/AIDS by 1400 (2020); and (vii) to halt and begin to reverse the incidence of malaria and other major diseases by 1400 (2020).

Social Protection

The household survey data reflects Afghanistan's high rate of poverty and vulnerability to consumption shocks, particularly sudden food price increases. While strong economic growth is a necessary precondition for poverty reduction, it is not sufficient to ensure an improvement in the poverty profile. To ensure quality growth, the Government will pursue income and transfer policies that are fiscally sustainable and target assistance at the poorest and most vulnerable society groups, in line with Afghanistan's Islamic traditions and values.

Fiscally sound and well-targeted social protection interventions are of critical importance for improving poverty outcomes. The Government is committed to pursuing sustainable income and transfer policies through pension reform and programs focused on the extreme poor; allocating adequate resources to the poorest areas through nationwide programs and productive safety net programs; phasing out non-targeted subsidies, such as energy subsidies; and building the planning and administrative capacity of the Ministry of Labor and Social Affairs to deliver coordinated programs in employment generation and social protection.

The Government will provide humanitarian support for Afghans affected by natural disasters, insecurity, and the return from refugee status in neighboring countries. Up to 2.5 million additional Afghan refugees could return during the life of the ANDS. The capacity to absorb such an influx is uncertain and may require substantial international intervention in order to prevent the diversion of limited assets and resources. The Ministry for Refugees and Returnees will coordinate the provision of support programs for refugees and returnees implemented through other ministries. The Afghan National Disaster Management Authority will coordinate the Government's preparedness for natural disasters and humanitarian situations.

Cross Cutting Issues

The ANDS is underpinned by five vital cross-cutting issues where coordinated action is needed across pillars and sectors. They are inter-related and together pose a serious challenge to the successful implementation of the ANDS and the achievement of Afghanistan's MDGs. The Government is committed to decisive action in tackling these challenges, in cooperation with its international partners.

Counter-narcotics

One of the major objectives of the ANDS is to lay out a strategy for the elimination of the narcotics industry, which represents a formidable threat to the country, the region, and beyond. The Government is committed to halving the total area under poppy cultivation by 2013, as measured against 2007. The Government's plan for 1387 (2008) includes the eradication of 50,000 hectares of poppy fields.

Those who are engaged in the narcotics industry are opposed to any gain in the Government's legitimacy or stability for the country. They provide funding for terrorist activities and fuel corruption. The National Drugs Control Strategy (NDCS) is the Government's main response to the fight against narcotics. It outlines eight interlinked pillars that lead efforts to reduce drug production, trafficking, and consumption. The eight pillars address: (i) alternative livelihoods, (ii) building institutions, (iii) information campaign, (iv) drug law enforcement, (v) criminal justice, (vi) eradication, (vii) drug demand reduction and treatment of drug addicts, and (viii) regional cooperation. The NDCS will continue to be reviewed and updated during the lifetime of the ANDS.

A key element of the NDCS is moving towards a provincial based approach to counter-narcotics activities. While the Ministry of Counter-Narcotics will assume the leadership role, the IDLG, MRRD, Provincial Development Council and Provincial Governors will be increasingly involved in both the planning and implementation of counter-narcotics activities. One of the main points of the provincial based approach is that the governors will be given the appropriate incentives to deliver on counter-narcotics and their performance will be judged by how well they succeed.

Other priorities include measures to increase the effectiveness of alternative livelihood programs by targeting their funding, administration, and delivery channels, as well as reform of the Counter-Narcotics Trust Fund (CNTF), with the aim of increasing Afghan management and improving its efficiency and effectiveness.

Anti-corruption

The perceived high level of corruption is a major roadblock to development and better governance. The ultimate objective of the Government's anti-corruption strategy is a public administration that operates with integrity and accountability to provide an enabling environment for economic and social development, based upon the rule of law, impartiality in political decision making, the proper management of public resources, the provision of efficient services and the active engagement of civil society and the private sector.

The Government's anti-corruption strategy and roadmap are focused on achieving clear progress in reforming public administration and judicial systems as well as implementing measures in the counter narcotics strategy. Specifically, the Government strives to: (i) amend and adapt legislation and procedures to prevent opportunities for corruption; (ii) reform complex organizational structures which lead to opportunities for corruption; (iii) simplify and streamline government functions and procedures; (iv) remove corrupt officials and implement merit based

recruitments; (v) reform and strengthen audit procedures and increase control of financial and administrative transactions; and (vi) ensure adequate salaries and incentives for civil servants.

The Government recognizes that a balanced and sequenced approach to fighting corruption, making use of different instruments, strengthening their enforcement and evaluating their effectiveness is essential. Prevention, detection, prosecution, and sanctions, as well as awareness-raising are all components of this strategy. The Government will focus particularly on ensuring that the institutions, systems, and processes, including in public service delivery, are working well enough to minimize vulnerabilities to corruption. Measures to increase the transparency and accountability of government operations to external bodies such as the National Assembly, media and civil society will also be designed.

Capacity Development

Capacity – human and institutional - is a major constraint facing all aspects of the implementation of the ANDS. Low capacity leads to wastage, underutilization of resources, inefficient and ineffective interventions, and suboptimal outcomes. The Government will build the institutional mechanisms to support capacity development, mainly in the public sector, but where appropriate, supporting institutions and initiatives will also enable the private sector to participate and benefit from these mechanisms, such as National Vocational and Education Training Board (NVETB). The institutional responsibility will be with Inter-ministerial Commission for Capacity Development (ICCD) that will serve as a single reporting point for both government and donors. The ICCD will provide a coordinated approach to support the effective management of funds and aid flows, cutting down on duplication and ensuring that capacity development needs are met in time and in an incremental but sustainable manner.

The Government is working on a comprehensive program to increase the capacity of public sector institutions and employees, in the context of the Public Administration Reform process. ANDS capacity development priorities include a comprehensive training and skills development scheme for civil servants; the establishment of the National Civil Service Training Centre; the management of international technical assistance to ensure accelerated and sustainable transfer of skills and expertise; the injection of short-term capacity through the Management Capacity Program (MCP).

Gender Equity

An important precondition for the success of Afghanistan's development goals is the reversal of women's historical disadvantage in Afghan society. The Government's vision is a peaceful and progressive nation where women and men enjoy security, equal rights, and opportunities in all spheres of life. The Government is committed to fulfilling its obligation to women's development as embodied in the Constitution, the MDGs, the Afghanistan Compact, and international treaties. The ANDS provides a framework for mainstreaming gender interventions across sectors so as to address women's position in the society, their socio-economic condition, and access to development opportunities. The implementation of the strategy for gender equity is a shared responsibility among government entities at the national and sub-national levels. The

Ministry of Women's Affairs, as the lead agency for women's advancement, will be strengthened to enable it to take on the role of coordinating and monitoring the outcomes of Government interventions.

Environment

The environment is a cross-cutting issue that underpins the entire social and economic development framework for the country. The Government's chief goal regarding the environment is to improve the quality of life for the people of Afghanistan through conservation, protection, and improvement of the country's environment, as well as to ensure the sustainability of development efforts for future generations. As a top priority, the Government will strengthen the capacity of the National Environmental Protection Agency (NEPA) to perform its regulatory, coordination, and oversight functions, and the capacity of line ministries to actively address environmental considerations in their program designs. Another short-term priority is to make operational and fully deploy the Environmental Impact Assessment (EIA) system, jointly by NEPA and line ministries, which will allow for the adequate monitoring of the environmental impacts of development projects.

Regional Cooperation

Afghanistan occupies a key strategic location linking Central Asia with South Asia, providing China and the Far East with a direct trade route with the Middle East and Europe. At the moment, Afghanistan also faces a security threat that has region-wide implications and that can only be addressed effectively by region-wide cooperation.

Developing the opportunities arising from this strategic location as a 'land bridge' between Central and South Asia, and the Middle East and the Far East will contribute to regional stability and prosperity, as well as increased investment and trade. The Government's key priorities are: (i) to increase and deepen Afghanistan's participation and leadership in bilateral and region-wide initiatives and agreements that facilitate transit, transport, and investment in the region; (ii) to promote cross-border initiatives for the equitable exploitation of shared resources of hydro power; (iii) to facilitate the voluntary return of refugees; and (iv) extend regional cooperation on border management to better align efforts against organized cross-border crimes, such as trafficking in drugs and weapons. The Government recognizes that it cannot achieve its goals with regards to improving security without close cooperation from regional partners, particularly Pakistan.

VI. MACROECONOMIC FRAMEWORK

High, sustainable and quality economic growth is the major driving force for poverty reduction and employment creation. Recent high growth performance has been supported by the government's prudent fiscal and monetary policies and a stable exchange rate. However, Afghanistan's high growth rate has thus far not contributed sufficiently to poverty reduction and employment creation, and it has been driven to a large degree by the influx of foreign aid—a situation which carries its own macroeconomic risks.

The ANDS has been developed to articulate the Government's policies for reducing poverty and improving development outcomes—which will rely heavily on maintaining macroeconomic stability and cultivating sources of growth, particularly in the private sector. The ANDS will also contribute to fiscal sustainability through its importance in the successful completion of the HIPC debt relief process and raising domestic revenue. To support the successful implementation of the ANDS, the Government will rely on the Medium-Term Fiscal Framework to define a sustainable fiscal trajectory for Afghanistan. Da Afghanistan Bank (DAB) will continue to target low inflation and maintain the current stable exchange rate regime.

The Government is committed to the creation of a strong private sector-led economy, despite current constraints. Although this means that there is still substantial scope for public/donor investment in the short-term, in the medium to longer term, private investment is expected to contribute significantly to growth. In turn, increased economic growth will lead to higher government revenues that will benefit the poor by addressing inequality, enabling the Government to increase social services and creating jobs in the growing private sector. Given that this will take time, the Government will continue to engage in social protection programs for the most vulnerable segments of the population.

The Government is determined to assist the private sector to develop its competitiveness and to substantially increase the volume of domestic production. At present, Afghanistan's exports are very low by regional standards, dominated by dried fruit and carpets. However, in recent years a number of new manufacturing industries have begun to emerge, some with demonstrated export potential, such as production dairy products, honey, cement, sunflower products, glass, sugar beet, olive oil, cashmere, and flowers and floral essences. The Government will seek firm-level technical assistance to increase the ability of firms in these and other new industries to compete more effectively in potential export markets.

Anticipated large scale development of copper, natural gas, petroleum, and precious minerals will contribute substantially to export growth, which is projected to grow at 16-18 percent per year during the lifetime of the ANDS. Private sector growth will also support export expansion. The Government is committed to increasing export volumes and moving toward higher value-added exports. The improvement of the enabling environment for the business sector – a key government priority—will contribute to improving competitiveness and support export growth. Expansion in the mining sector and the resulting growth of mining-related exports are expected to be a significant source of economic growth, alongside increasingly high-value agricultural activities—both of which will increase employment.

Prudent fiscal policy will remain the central policy tool for macroeconomic stability and public resource allocation. The medium-term fiscal sustainability objective of the Government is to cover recurrent expenditure with domestic revenue sources. The operating budget balance (excluding grants) is projected to improve from a deficit of 4.0 percent of GDP in 1386 (2007/08) to a balanced budget in 1391 (2012/13). Prudent debt management will continue to be essential as Afghanistan moves towards fiscal sustainability. The Government will utilize limited amounts of concessional debt to finance specific project and program requirements.

In the short to medium-term, the top priority for public expenditure will be investments to improve national security and infrastructure necessary to stimulate private enterprise and greater productivity. Although improved national security is the highest priority of the ANDS, it is expected that the majority of expenditure in this sector will be financed by external assistance over the duration of the ANDS. Public expenditure policy will facilitate private sector growth, increase production capacity and enhance productivity, thereby contributing to poverty reduction. The Government plans to continue to improve its spending capacity at all levels.

Over the past five years, foreign aid has averaged approximately 60 percent of GDP. Roughly one third of foreign assistance is channeled through the core budget, with the rest spent outside the government budget. Aligning donors' expenditure that is spent outside the national budget with ANDS priorities will remain a major fiscal challenge. Of greater concern for the Government are the potentially negative effects of aid volatility. The Government will maintain financial reserves with DAB and over the medium-term will pursue policies to develop contingent financing arrangements.

Increasing revenues by improving revenue administration and enforcement, and broadening the tax base, is essential for fiscal sustainability and a reduction in aid dependency. The Government is committed to cover 100 percent of recurrent expenditures through domestic revenues by 2012. Progress has been made in mobilizing domestic revenue, with an increase from 12.8 billion Afghani in 1383 (2004/05) to 28.8 billion Afghani in 1385 (2006/07). The ratio of revenue-to-GDP is expected to improve to 10 to 11 percent of GDP in 1391 (2012/13), albeit even then one of the lowest ratios in the world. The immediate priority for revenue generation is to strengthen enforcement efforts and to persuade the National Assembly to enact the amendments to the income tax law that the Government has submitted. In the short-term, other important government policies for increasing revenue will include measures to broaden the tax base and improve tax administration. In the medium term, a broad-based consumption tax will play an important role in domestic revenue mobilization.

VII. PARTNERSHIPS FOR FINANCING THE ANDS

The Cabinet has approved a ceiling and budget prioritization for ANDS sectors, as shown in Table 1 below. These sectoral ceilings are based on moving to a budget that is based on delivering development needs, available financing information from previous years, and projections for domestic revenues.

These ceilings and the budget prioritization exercise have played a central role in the preparation of the Medium-Term Fiscal Framework (MTFF), and they are directly linked to the national budget. Starting in 1387 (2008/09), the MTFF will embody the prioritization established in the ANDS and will provide the mechanism for implementing the ANDS through the national budget process. Security will remain the top priority sector for Afghanistan in terms of expenditure. Over the lifetime of the ANDS, security spending is expected to total \$14.2 billion. The funding for this sector is expected to come primarily through international assistance. The

Government estimates that in the future, the need for security assistance will decrease as the threat declines. However, given the uncertain nature of the instability facing Afghanistan, the Government envisions the possibility of potentially significant revisions to the financing envelope for the security sector.

In the short-term, the Government will focus its public expenditure programs on investments in infrastructure and agriculture and rural development in recognition of the high importance of these sectors for the development of the private sector and for employment growth. Over the lifetime of the ANDS, the Government will focus progressively more resources on education, governance, health, and social protection. The Government is committed to allocating sufficient amount of resources to the key priorities of strengthening economic governance and improving the enabling environment for private sector development.

Costing and Prioritization of the ANDS Sectors

The full costing of the projects and programs included in the ANDS is not yet complete. In the process of preparation of the ANDS, it became clear that in many sectors neither cost information nor detailed investment plans were available. Further, full costing was not possible until the prioritized sectoral objectives were identified as a basis for costing of key sectoral outputs. Therefore, it was decided that three sectors with relatively higher institutional capacity would be costed in the initial phase. The sectors chosen for the pilot costing exercise were health, education, and roads—a sub-sector in the Transport sector. The Ministry of Finance is leading the costing process, working directly with line ministries and incorporating Provincial Development Plans. The work on costing of the next group of priority sectors—security, social protection and the remaining components of the infrastructure sectors—has already commenced. These sectors are expected to be fully costed by the summer of 2008.

Expected Assistance for ANDS Implementation

The total estimated cost of the ANDS over its five-year time span is approximately US\$50.1 billion. Of this amount, the Afghan government will contribute US\$6.8 billion and external assistance is expected to be US\$43.2 billion. The US\$50.1 assumes a significant incremental increase in funds being channeled through the Government Core Budget. However, if funds continue to be channeled externally this will result in much higher overhead costs, thereby increasing by a sizeable amount the total aid requirements for successful ANDS implementation over the next five years.

Over the lifetime of the ANDS Afghanistan will continue to rely on external financing. The Government's medium-term objective is to reduce aid dependency and improve sustainability by increasing domestic revenues. To that end, the Government is pursuing policies that will strengthen the performance of the economy and improve revenue collection. Meanwhile, the Government encourages its international partners to make multiyear commitments to support the goals and the priorities of the ANDS. This will improve the predictability of aid flows and

permit the Government to better plan sustainable expenditures and manage priorities more effectively over the medium-term.

VIII. AID EFFECTIVENESS

Without significant improvements in the effectiveness of aid, Afghanistan will be unable to achieve the ambitious goals set out in the ANDS, even with large increases in aid. The Government is committed to ensuring that maximum benefit is gained from international development assistance. The ANDS, with its implementation, monitoring and evaluation framework, will facilitate greater aid effectiveness. The Government has developed an aid effectiveness strategy, in line with the Paris Declaration for Aid Effectiveness and Afghanistan's international obligations.

A key priority of the Government's aid effectiveness strategy is to encourage donors to channel a greater proportion of their contributions through the core budget. There is strong evidence that aid channeled through the national budget achieves greater impact at lower cost. In turn, the Government commits to further strengthen public financial management, procurement, and fiduciary responsibilities and improve the absorptive capacity of state institutions.

The Government's aid effectiveness strategy is based on the following principles and priority policies:

- **Afghan ownership:** Through the establishment of the ANDS itself, the Government is articulating the priorities necessary to achieve Afghanistan's development goals.
- **Alignment of international assistance with Afghan priorities as enunciated in the ANDS:** Afghanistan's international partners can contribute to improved aid effectiveness through increased discipline in respecting defined sector ceilings and priority programs, while improving coordination through more extensive information sharing and policy dialogue—both horizontally (across donors and government institutions) and vertically (with PRTs and local governments).
- **Harmonization:** Aid effectiveness will benefit from improved information on aid flows and greater predictability; reducing high transaction costs and parallel funding mechanisms; improving intergovernmental coordination; and strengthening the management of technical assistance.
- **Managing for results:** The Government is committed to pursuing policies aimed at: increasing the transparency and aid absorption capacity of the government; improving public financial management; reducing corruption; and ensuring sustainability of maintenance and operation costs.

- Mutual accountability and partnership: In achieving the shared vision and goals, the Government will continue to participate in the Paris Declaration Monitoring Survey and the Public Financial Management Performance Assessment as a means to ensuring mutual accountability towards progress in aid effectiveness.

IX. IMPLEMENTATION FRAMEWORK

The National Budget is the central tool for implementing the ANDS, and all line ministries will develop and align their programs and projects in accordance with the ANDS sector strategies. Sector programs and projects will then be costed, sequenced and re-prioritized to reflect the medium-term budget ceilings. The implementation framework for the ANDS is an integrated approach to national budgetary execution, the legislative agenda and program delivery. This approach will also require the international community to align their support with ANDS priorities. Based on this, the ANDS Public Investment Programs (PIPs) will be prepared to enable the full integration of the ANDS into the MTFF and the budget.

The role of the Control and Audit Office (CAO) will be strengthened to provide oversight of the expenditure functions of core spending ministries. However, given CAO's current capacity, the Ministry of Finance will assume this responsibility in the short term. The Cabinet, through the ANDS Oversight Committee (OSC), will oversee and coordinate the overall ANDS implementation process. However, line ministries and other government agencies will be mainly responsible for implementation. The Ministry of Finance will have the responsibility to ensure that the programs and projects of the line ministries are costed, sequenced, and integrated into the Medium-Term Fiscal Framework and the National Budget. The Joint Coordination and Monitoring Board (JCMB) is the highest Government-international community mechanism in charge of coordinating and monitoring both the ANDS and the Afghanistan Compact. The joint Government and donor entities, such as the Consultative Groups (CGs) and Working Groups (WG), will continue to serve as forums for improving aid coordination, policy and implementation dialogue, ensuring the alignment of donor programs with the ANDS priorities.

X. MONITORING, EVALUATION AND REPORTING

The monitoring, evaluation and reporting process of the ANDS will be an integral part of the implementation framework. The ANDS has developed clearly defined goals, inputs, outputs, outcomes, and impact indicators. However, due to weak statistical capacity, the baselines for a number of key development and poverty indicators are yet to be established. It will be important to distinguish between two levels of monitoring and oversight: detailed input/output or program monitoring of the implementation of the ANDS; and wider results/outcomes and impact monitoring for the high level Government institutions (OSC, Cabinet) and JCMB to ensure that the strategic priorities of the ANDS are on track.

The JCMB secretariat will provide policy and strategy analysis and assessment, monitoring and evaluation reports to JCMB on the overall implementation of ANDS and Afghanistan Compact

Benchmarks. The Annual ANDS Progress Report will be presented to the World Bank and IMF boards in the context of Afghanistan's work to reach the "completion point" under the Highly Indebted Poor Countries (HIPC) program. Based on annual progress and evaluation reports, every two years a full update of the ANDS/PRSP, developed with broad participation, will be constituted as an impact evaluation. This update will be publicly disseminated and will provide an opportunity for the government to adjust policies to achieve desired results. Public expenditure reviews will be carried out, and in line with the budget cycle, ad hoc and quarterly sectoral monitoring and reports will be conducted.

The Central Monitoring and Reporting System (CMRS) will be developed jointly by the Ministry of Economy and the JCMB secretariat. The CMRS and the Central Statistics Office (CSO) will be part of an integrated information collection and monitoring system. The CSO will collect data through various means including surveys. The CMRS will then collect the processed data produced by the CSO; undertake budget monitoring and line ministry reporting; facilitate various monitoring processes; and disseminate information. The CSO will remain the main provider of primary and secondary national statistics, as an input to the CMRS. Its capacity will be strengthened so that an effective statistical system is in place for capturing data on macro-level indicators as well as micro-level impacts. One of the most important tools for this framework is the NRVA household survey, from which the current poverty line estimates have been calculated. The role of the NRVA will be further expanded so that it can more fully capture the impact of ANDS implementation.

Line ministries will continue to collect sectoral information to monitor the outputs and outcomes of national spending through the ANDS. The line ministries will strengthen their provincial offices to collect disaggregated data on indicators to monitor progress at the sub-national level. The budget monitoring system, the Afghanistan Financial Management Information System (AFMIS), managed by the Ministry of Finance, will provide information on input and output expenditures in line with the MTFF.

Independent monitoring will be a vital part of the overall monitoring and reporting system. Civil society, nongovernmental organizations, and the media will play important roles in the external monitoring of the ANDS. ANDS implementation, monitoring, and evaluation will be carried out in consultation with these stakeholders, sub-national representatives, and the international community.

The role of the International Financial Institutions, the international community and UN agencies will continue to be vital for (i) developing analyses and assessments; (ii) coverage and timeliness of key data; (iii) documenting the current resource envelope; and (iv) providing information on the present levels of external assistance and prospects for aid levels over the medium-term.

XI. CONCLUSION

Although significant gains have been made over the past six years, Afghanistan and the international community underestimated the magnitude of devastation, and the time and costs required to redress it. Progress to date has struggled to keep pace with the rapid growth of new problems and the rising democratic aspirations of the Afghan people.

Sustaining the nascent Afghan democracy will require nothing less than a prosperous Afghanistan in which poverty reduction and growth occur simultaneously. Success depends on a vibrant private sector with public sector resources focused primarily on providing physical, commercial and legal infrastructure and distributing the benefits of growth to all citizens. At the same time, economic growth and poverty reduction will not be delivered without peace and security. Stabilizing the nation, provinces and communities across Afghanistan, coupled with rebuilding core government capacities, are prerequisites for realizing our national vision.

Through the Afghanistan National Development Strategy, the Government is firmly committed to achieve the ambitious targets specified in the Afghanistan Compact benchmarks and Afghanistan Millennium Development Goals. This includes: (i) the achievement of nationwide stabilization; (ii) the strengthening of the rule of law, democratic practice and human rights; and (iii) the improvement of public service delivery and government accountability. This also involves efforts to reduce poverty, to ensure sustainable development through private sector-led economic growth, and to improve human development indicators. In addition, to accelerate progress in all spheres of development, further investments are required in the key sectors of agriculture, energy, irrigation, and education.

Following extensive consultations involving thousands of Afghans and international partners, the ANDS is formulated to ensure that the scope and priorities identified in the strategy are commensurate with the enormity of the challenges facing the country. Our success in this endeavor will require the sustained, enhanced, and coherent support of Afghanistan's international partners. In this regard, increasing aid effectiveness is essential to effective Afghan-led implementation of the ANDS agenda, especially through the alignment of aid towards ANDS priorities and the channeling of resources through the core Government budget.

The ANDS, as a national strategy, has adopted an integrated approach to guarantee successful implementation towards realizing the shared goals of stabilization, prosperity, good governance and peace. As we move from 'Compact to Impact' to make a meaningful change in the lives of ordinary Afghans, a stronger and sustained financial and political commitment by the international community is needed. Most importantly, this integrated effort will require the full involvement and collaboration of Government, the private sector, civil society, the international community, and all Afghan citizens.

Together we will make our vision a reality for the people of Afghanistan.

Participating Countries and Organizations in the International Afghanistan Support Conference (ANDS Conference)

<u>Participating countries</u>	Japan	United Arab Emirates
Afghanistan (co-chair)	Jordan	United Kingdom
Albania	Kazakhstan	United States of America
Australia	Korea (Republic of)	Uzbekistan
Austria	Kuwait	
Bahrain	Kyrgyzstan	<u>Participating organizations</u>
Bangladesh	Latvia	Aga Khan Foundation
Belgium	Libya	Asian Development Bank
Brazil	Lithuania	European Commission
Brunei	Luxembourg	International Monetary Fund
Bulgaria	Malaysia	Islamic Development Bank
Canada	Malta	NATO
Chile	Netherlands	Organization of Islamic Conference
China	New Zealand	Secretary-General, High Representative of the EU
Croatia	Norway	United Nations (co-Chair)
Cyprus	Oman	World Bank
Czech Republic	Pakistan	
Denmark	Poland	<u>Observers</u>
Egypt	Portugal	Agency Coordinating Body for Afghan Relief
Estonia	Qatar	Economic Cooperation Organization
Finland	Romania	European Parliament
France (co-chair)	Russia	International Committee of the Red Cross
Macedonia (FYR)	Saudi Arabia	Organization for Economic Cooperation and Development
Germany	Singapore	Organization for Security and Cooperation in Europe
Greece	Slovakia	South Asian Association for Regional Cooperation
Hungary	Slovenia	
Iceland	Spain	
India	Sweden	
Indonesia	Switzerland	
Iran	Tajikistan	
Ireland	Turkey	
Italy	Turkmenistan	

Full text of the executive summary available at http://www.embassyofafghanistan.org/documents/resume_ANDS.pdf

Full text of the ANDS available at http://www.embassyofafghanistan.org/documents/Afghanistan_National_Development_Strategy_eng.pdf

Appendix K Afghanistan International Community Donors List (in \$Millions)

Donor	Pledges at the Paris Conference to support the Afghanistan National Development Strategy			Total Pledges - 4Q FY 1380 to FY 1389 (January 2002 - March 2011)
	Fresh	Old	Total Pledge	
ADB	500.00	800.00	1,300.00	2,200.00
Aga Khan	100.00		100.00	200.00
Australia	232.36		232.36	440.23
Austria	0.00		0.00	14.00
Belgium	46.80		46.80	86.80
Brazil	1.00		1.00	1.00
Canada	600.00		600.00	1,479.05
China	7.50		7.50	196.50
Croatia	28.10		28.10	28.10
Czech Republic	22.00		22.00	22.00
Denmark	430.00	0.00	430.00	683.04
EC		780.00	780.00	1,768.65
ECHO	0.00	0.00	0.00	268.20
Egypt	2.00		2.00	2.00
Estonia			0.00	0.30
Finland	30.00	45.00	75.00	152.00
France	126.80	38.70	165.50	206.00
Germany	280.80	374.40	655.20	1,108.32
Global Fund			0.00	11.48
Greece	3.10		3.10	12.70
Hungary	3.00		3.00	3.00
India	450.00		450.00	1,200.00
Iran	350.00		350.00	1,164.00
Ireland	13.50		13.50	33.40
Islamic Dev Bank			0.00	70.00
Italy	234.00		234.00	637.36
Japan	550.00		550.00	1,900.00
Kazakhstan	0.00		0.00	4.00
Korea (Rep of)	30.00		30.00	86.20
Kuwait	30.00		30.00	75.00
Luxembourg	0.00		0.00	7.20
Malta	0.30		0.30	0.30
Netherlands	1,209.00		1,209.00	1,697.00
New Zealand	15.00		15.00	30.85
Norway	669.00	6.00	675.00	977.00
Oman	3.00		3.00	9.00
Org Islamic Conf	0.00		0.00	15.00
Pakistan	20.00		20.00	305.00
Poland	1.30		1.30	6.33
Portugal	0.00		0.00	1.20
Qatar	4.00		4.00	24.00
Russian Fed.	0.00	0.00	0.00	141.00
Saudi Arabia	0.00	0.00	0.00	533.00
Slovakia	1.00		1.00	1.00
Spain	234.00		234.00	486.47
Sweden	0.00		0.00	288.60
Switzerland			0.00	134.00
Taiwan	0.00		0.00	28.60
Turkey	100.00		100.00	190.00
UAE	250.00		250.00	323.70
UK	1,200.00		1,200.00	2,897.00
UN Agencies	0.00	0.00	0.00	252.40
USA	7,095.40	3,104.60	10,200.00	31,851.86
Vietnam	0.01		0.01	0.01
World Bank	433.00	667.00	1,100.00	2,803.00
Other Donors	0.00	0.00	0.00	92.77
Total	15,305.97	5,815.70	21,121.67	57,149.62

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